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SUMMER YOUTH EDUCATION AND EMPLOYMENT

COMPLETED
102
ORIGINAL

HEARING

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

FIRST SESSION

HEARING HELD IN WASHINGTON, DC, MAY 22, 1985

Serial No. 99-19

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SUMMER YOUTH EDUCATION AND EMPLOYMENT

WEDNESDAY, MAY 22, 1985

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EDUCATION AND LABOR,
SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES,
Washington, DC.

The subcommittee met, pursuant to call, at 9:30 a.m., in room 2261, Rayburn House Office Building, Hon. Matthew G. Martinez (chairman of the subcommittee) presiding.

Members present: Representatives Martinez, Williams, Hayes, Atkins, Hawkins, Gunderson, and Owens.

Staff present: Tim Minor, staff director; Eric P. Jensen, deputy staff director; Paul Cano, legislative assistant; and Genevieve Galbreath, chief clerk/staff assistant; and Dr. Beth Buehlmann, Republican staff director for education.

[Text of H.R. 1090 and H.R. 1722 follows:]

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99TH CONGRESS
1ST SESSION

H. R. 1090

To amend part B of title II of the Job Training Partnership Act to require the establishment of an education component in the summer youth employment programs under that part.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 7, 1985

Mr. WILLIAMS (for himself, Mr. LELAND, Mr. FAUNTROY, Mr. TRAXLER, Mr. BIAGGI, Mr. BEREUTER, Mr. HUGHES, Mr. ACKERMAN, Mr. WAXMAN, Mr. TOWNS, Mr. BERMAN, Mr. STOKES, Mr. HORTON, Mr. OWENS, Mr. CLAY, Mr. KOLTER, Mr. LAFALCE, and Mr. LOWRY of Washington) introduced the following bill; which was referred to the Committee on Education and Labor

---

A BILL

To amend part B of title II of the Job Training Partnership Act to require the establishment of an education component in the summer youth employment programs under that part.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Summer Youth Employment, Training, and Education Act of 1985".

FINDINGS

SEC. 2. The Congress finds that—

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(1) economically disadvantaged youth are likely to experience decay in their achievement scores during the summer;

(2) a significant portion of the difference in learning from year-to-year between disadvantaged and advantaged youth may occur during the summer;

(3) disadvantaged youth who are behind one grade level or more in school are at-risk of dropping out of school;

(4) individualized, self-paced remedial instruction is effective and the preferred approach in reversing these trends with economically disadvantaged youth and can produce modest and lasting gains in basic academic and functional competency skills; and

(5) when achievement scores can be raised during the summer, especially for youth aged 14-15, high school drop-out rates may be reduced.

PURPOSES

SEC. 3. It is the purpose of this Act to convert the existing summer youth employment program to a program that—

(1) provides youth with basic academic and functional competencies,

(2) provides counseling on the connection between skills and job prospects,

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(3) involves those who are behind in school in combined work experience and remedial education activities, and

(4) develops individual remedial strategies for each young person to pursue during the school year.

AMENDMENT TO JOB TRAINING PARTNERSHIP ACT

SEC. 4. (a) Part B of title II of the Job Training Partnership Act is amended to read as follows:

"PART B—SUMMER YOUTH EMPLOYMENT, TRAINING AND EDUCATION PROGRAMS

"AUTHORIZATION OF APPROPRIATIONS ALLOTMENT AND ALLOCATION

"SEC. 251. (a) From the funds appropriated under section 3(b), the Secretary shall first allocate to Guam, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, the Northern Mariana Islands, and entities eligible under section 401 the same percentage of funds as were available to such areas and entities for the summer youth program in the fiscal year preceding the fiscal year for which the determination is made.

"(b) The remainder of sums appropriated pursuant to section 3(b) shall be allotted among States in accordance with section 201(b) and allocated among service delivery areas within States in accordance with section 202(a)(2) and (3), except that each service delivery area shall be allotted an amount equal to at least 90 per centum of the amount avail-

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able to such area for the summer youth program in the fiscal year preceding the fiscal year for which the determination is made. If the amount appropriated pursuant to section 3(b) is not sufficient to provide 90 per centum of such amount to each such area, the amount allocated to each area shall be ratably reduced.

"(c) Allotments and allocations under this section shall be made in accordance with section 162 and shall be available for planning purposes before the beginning of the summer months for which allotted and allocated.

"USE OF FUNDS

"SEC. 252. (a) Funds available under this part may be used for—

"(1) individualized, self-paced basic and remedial academic and functional competency development, institutional and on-the-job training, work experience programs, employment counseling, occupational training, preparation for work, outreach and enrollment activities, employability assessment, job referral and placement, job search and job club activities, and any other employment or job training activity designed to improve academic achievement and to give employment to eligible individuals or prepare them for, and place them in, employment; and

"(2) supportive services necessary to enable such individuals to participate in the program.

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"(b)(1) Funds available under this part shall be used so that participants spend a portion of their time on individualized, self-paced, remedial and basic academic and functional competency development and achieve standards established and developed in each service delivery area under section 106(b)(2).

"(2) The portion of a participant's time spent on competency development under paragraph (1) shall be in addition to, and not in place of, regular employment under this part.

"(c)(1) Funds made available under this part may not be used to provide employment to any individual who fails to comply with attendance standards established by the service delivery area with respect to the education components of the programs under this part.

"(2) Funds made available under this part may not be used to compensate or reward participants for attendance at education components of programs under this part, except as provided in section 255(c)(10)(B).

"LIMITATIONS

"SEC. 253. (a) Programs under this part (other than planning therefor) shall be conducted during the summer months.

"(b) Except as provided in subsection (c), individuals eligible under this part shall be economically disadvantaged youth.

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"(c) Eligible individuals aged 14 or 15 shall, if appropriate and set forth in the job training plan, be eligible for summer youth programs under this part.

"APPLICABLE PROVISIONS

"SEC. 254. Private industry councils established under title I, chief elected officials, State job training coordinating councils, and Governors shall have the same authority, duties and responsibilities with respect to planning and administration of funds available under this part as private industry councils, chief elected officials, State job training coordinating councils, and Governors have for funds available under part A of title II.

"MATCHING REQUIREMENTS

"SEC. 255. (a)(1) Each private industry council established under title I shall, for any program year beginning after June 30, 1987, make available from non-Federal sources for use in the programs conducted under this part in its service delivery area an amount equal to not less than 1.5 per centum of the amount made available to that area under this part for the applicable program year.

"(2) Each such private industry council may, for program years beginning July 1, 1985, and July 1, 1986, make available from non-Federal sources for use in the programs conducted under this part in its service delivery area an amount equal to not less than 1.5 per centum of the amount

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made available to that area under this part for the applicable program year.

"(3) Notwithstanding paragraph (1), no service delivery area shall (for any program year beginning after June 30, 1987)—

"(A) make available under this subsection less than $20,000; or

"(B) be required to make available under this subsection an amount in excess of $100,000.

"(4) Each private industry council shall notify the State of the amount it will make available under this subsection for any program year by the April 1 preceding that program year.

"(b)(1) For program years beginning after June 30, 1987, each State shall provide to each private industry council an amount equal to the amount made available by such council under subsection (a)(1). States may provide such amount from non-Federal sources or may use funds available to them under section 202(b)(1) and (3) of this Act and under chapter 2 of the Education Consolidation and Improvement Act of 1981.

"(2) For program years beginning July 1, 1985, and July 1, 1986, each State shall reserve 1.5 percent of the amount allotted to such State under section 201(b)(1) and (3). Such reserved amounts shall be allocated among private in-

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dustry councils in proportion to the amounts made available by such councils under subsection (a)(2).

"(c)(1) Amounts required to be made available or provided under this section shall be used—

"(A) to support the education and training components of the programs under this part;

"(B) to provide bonuses to participants for achievement of academic and functional competence; and

"(C) after complying with subparagraphs (A) and (B), to create additional employment opportunities under this part.

"(2) Amounts required to be made available or provided under this section may be in cash or in-kind. Amounts made available or provided in-kind shall be in the form of state-of-the-art basic and remedial education materials and equipment suitable for use for programs under this part for the applicable program year.

"ASSESSMENT OF PARTICIPANT COMPETENCY IMPROVEMENT

"SEC. 256. (a) Each service delivery area receiving funds under this part shall maintain complete records on the improvements in academic and functional competency attained by participants in programs under this part. Such records shall be compiled by reference to State and locally

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determined general education diploma and basic education competency requirements.

"(b) Summaries of the records maintained under subsection (a) shall be submitted by the service delivery area to the State. A report on the summaries received by the State shall be transmitted to the Secretary annually, and the Secretary shall include an analysis of such reports in the Secretary's annual report under section 169(d).".

(b) Section 202(b)(1) of such Act is amended by inserting before the period at the end thereof the following: ", and to carry out section 255, relating to matching requirements for summer youth programs".

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99TH CONGRESS
1ST SESSION

H. R. 1722

To authorize the appropriation of additional funds for a summer youth educational enhancement program.

IN THE HOUSE OF REPRESENTATIVES

MARCH 26, 1985

Mr. FISH (for himself, Mr. EDGAR, Ms. OAKAR, Mr. WILLIAMS, Mr. WORTLEY, Mr. KOSTMAYER, Mr. DWYER of New Jersey, Mr. MILLER of California, Mr. TRAXLER, and Mrs. JOHNSON) introduced the following bill; which was referred to the Committee on Education and Labor

---

A BILL

To authorize the appropriation of additional funds for a summer youth educational enhancement program.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Summer Youth Educational Enhancement Act".

STATEMENT OF FINDINGS

SEC. 2. The Congress finds that—

(1) there exist serious deficiencies in basic educational attainment among many youth, particularly

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among those youth who are economically disadvantaged;

(2) findings from research show that these deficiencies are aggravated during the summer months when disadvantaged youth actually regress in educational attainment compared to their more advantaged peers; and

(3) Congress has previously stated its interest in enhancing basic educational attainment in both chapter 1 of the Education Consolidation and Improvement Act and part B of title II of the Job Training Partnership Act (summer youth employment and training programs).

STATEMENT OF PURPOSE

SEC. 3. It is the purpose of this Act—

(1) to reaffirm the Congress' intention that the summer youth employment and training programs include a component for remediation of basic educational deficiencies; and

(2) to provide additional incentives, beginning in the summer of 1985, to encourage State and local authorities to prepare disadvantaged youth for sustained academic achievement and entry into the workforce.

AUTHORIZATION AND ALLOCATION OF FUNDS

SEC. 4. (a) There are authorized to be appropriated to the Department of Education for fiscal year 1985 and each of

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the three succeeding fiscal years $100,000,000 to carry out this Act.

(b) Funds appropriated pursuant to subsection (a) for any fiscal year shall be allocated among State education agencies in proportion to their allocations for the preceding fiscal year under chapter 1 of the Educational Consolidation and Improvement Act of 1981.

(c) Section 594 of such Act (relating to the availability of appropriations) shall apply to funds appropriated to carry out activities under this Act.

USE OF FUNDS; AGREEMENTS AND APPLICATIONS

SEC. 5. (a) Funds allocated to a State educational agency pursuant to section 4(b) for any fiscal year shall be made available by such agency to local educational agencies within that State for expenditure for programs that—

(1) provide basic and remedial education to participants in the summer youth employment and training programs operated under part B of title II of the Job Training Partnership Act; and

(2) are operated in conjunction with such employment and training programs.

(b) In order to receive funds under this Act from a State educational agency, a local educational agency shall enter into an agreement with the administrative entity (under the Job Training Partnership Act) for the appropriate service delivery area. Such agreement shall provide for the operation of

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programs under this Act in accordance with the requirements of subsection (a).

(c) The State educational agency may approve an application by a local educational agency for a grant from funds under this Act if the application—

(1) contains or is accompanied by the agreement required by subsection (b); and

(2) provides assurances satisfactory to the State educational agency that the programs described are of sufficient size, scope, and quality to give reasonable promise of substantial progress toward meeting the special educational needs of the youth being served.

DEFINITIONS

SEC. 6. As used in this Act—

(1) the terms "State educational agency" and "local educational agency" have the meanings provided in section 595(a) of the Education Consolidation and Improvement Act;

(2) the term "administrative entity" has the meaning provided in section 4 of the Job Training Partnership Act; and

(3) the term "service delivery area" means a service delivery area established under section 101 of such Act.

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Mr. MARTINEZ. The Subcommittee on Employment Opportunities will now come to order.

Let me explain what will happen here in the next few minutes. I am going to have to leave to go to a press conference. I am going to make my opening statement and turn the meeting over to Mr. Williams. Mr. Williams will conduct the meeting, and Mr. Edgar will be our first witness.

This summer more than 1.5 million young individuals will flood the labor market. Many of them lacking the basic training and education necessary to land a job. They will search for employment in an atmosphere in which more than one-third of the minority youth population are unemployed and one in which more than 20 percent of our high school graduates are illiterate.

In my district in southern California alone, the youth unemployment rate has reached over 20 percent and the dropout rate reflects one of the Nation's worst, at nearly 50 percent.

This bleak reality is reflected best in the words of a young Hispanic student when he said, As young adults and children, we have a lot of pressure. When we see the statistics and we see what it may be like for us in the future, it scares you. You know, and you think, can I really make it out there in the world?

It is a shame to think of the numbers of our Nation's young generation that are being wasted—wasted because their individual training and educational needs are neither recognized nor met.

Recent studies show us that this lack of attention to the basic training and educational skills shown to our young people is the major reason why our disadvantaged youth find it so difficult to gain employment and stay in school.

Never before have we known so much about the complexities which surround youth unemployment and the pressures which cause high dropout rates. It is important that we utilize these findings in order that we may begin to offset these terrible trends.

Research shows us that the two major reasons for disadvantaged youth dropping out of school lie in poor performance in school and teenage parenthood. Studies also reveal that teenagers that experience academic problems by the eighth or ninth grade are at higher risk of dropping out than their high school peers.

Research further suggests that disadvantaged youth lose much of the educational skills over the summer that they have learned during the school year. These findings illustrate the importance of summer as a critical period in the academic development of disadvantaged youth.

A number of entitlement programs have responded directly to these findings by offering disadvantaged youth the educational services necessary to avoid dropping out of school.

In these programs, job training is coupled with education during the summer months in order to stem the learning losses which usually occur during the summer. In addition to the employment and training offered, these youths are provided with intensive remediation in basic skills such as reading and math.

Such programs also seek to increase the teenager's ability to make responsible decisions about sexuality in order to reduce the chances of teenage parenthood.

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The significance of proposals which seek to reduce our Nation's high dropout rate cannot be underscored. If we are to affect the basic educational and training difficulties of our disadvantaged youth population, it is vitally essential that we offer our young people the individual instruction that they need to graduate from high school.

Programs which add an educational component to summer employment programs enhance a participant's marketability in the eyes of employers who place a high premiums on basic educational skills.

With that, I will turn the meeting over to Mr. Williams.

Mr. WILLIAMS [presiding]. Thank you, Mr. Chairman. We look forward to your return before long.

We will go immediately to our friend and colleague, Congressman Bob Edgar, who has demonstrated leadership as well as great concern regarding youth and their employability.

We are pleased to welcome you here today, Bob.

And before you begin, I want to note that all prepared statements will be entered into the record in their entirety. We encourage the witnesses, if they have a lengthy prepared statement, to focus on the highlighting of it.

I also want to take this opportunity to remind the subcommittee that under House committee rules, each of the members will be limited within the 5-minute rule.

Bob, please proceed.

STATEMENT OF HON. BOB EDGAR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. EDGAR. Thank you, Mr. Chairman.

I want to thank you and Chairman Martinez for holding these hearings, which I think are on a vital issue. I don't think there are any more important domestic issues than employment for our young people and literacy for our young people, and I think the hearing today will couple on both of those issues.

Let me introduce one of my staff people. Linda Spencer is with the Northeast-Midwest Congressional Coalition, who developed this legislation. And working with Congressman Hamilton Fish, who is the lead sponsor of the bill that I would like to testify on, H.R. 1722, we have developed this legislative package in order to meet a very important need of our young people, many of which are unemployed.

Young people in general experience higher levels of unemployment than adults. Currently the national unemployment rate is 7.3 percent, while for 16 to 19 year olds it is 17.7 percent. For black teenagers, who have an unemployment rate of nearly 40 percent, the picture is especially dismal.

One recent study found that less than 3 percent of the more than 5 million jobs created in 1983 and in the first quarter of 1984 went to teenagers. These statistics do not reflect those young people who are not counted and those who are underemployed.

Private employers agree that one of the major deterrents young job seekers face is the lack of basic skills. Estimates from the National Assessment of Education Progress indicate that up to 20 per-

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cent of last year's high school graduates were functionally illiterate. Obviously, this number is even higher for those who drop out.

In some urban schools in this country, schools like those in Philadelphia, the dropout rate is greater than 50 percent, and this figure does not include the many students who are officially enrolled in school but attend irregularly.

Another problem many disadvantaged young people have is the lack of work experience. Because of generally high unemployment in poverty areas, poor youth often do not have much access to working adults who could link them with their first job.

Title IIB of the Training Partnership Act, JTPA, is providing almost 700,000 disadvantaged youngsters the opportunity to gain desperately needed work experience. It has been estimated that 80 percent of the participants, all of whom are economically disadvantaged, are two or more grade levels behind in school.

Yet the Summer Youth Employment and Training Program, though authorized to provide remedial education programs to participants, spends virtually no funds on such important activities.

A recent survey completed by Grinker, Walker and Associates reveals the low priority of basic remedial education programs among the activities funded under the Job Training Partnership Program. This study, funded by the National Commission for Employment Policy, found that 40 percent of the sites provided no basic remedial education for adults or youth. For those sites that do provide remedial education, only 6 percent of the funds are spent on this activity.

Now, the legislation we are proposing, the Summer Youth Educational Enhancement Program, reaffirms Congress' intention to focus attention on the resources of eradicating unemployment and illiteracy in this country. In the past decade, we have invested billions of dollars to test and develop the most effective approaches to best enhance the employability of our young people.

There is clear evidence that the best results come from programs that combine remedial education as well as work experience.

Let me focus on some of the particular provisions of H.R. 1722.

First, funds for remedial education purposes would be channeled through chapter 1 allocation to the State education agencies. These funds would be targeted exclusively to summer youth job participants. Local education agencies who wish to receive funding would be required to work out arrangements; it would be a cooperative agreement between the educational institution and those providing the jobs.

Second, State education agencies would have some discretion in considering applications, and could, therefore, funnel funds to those areas that have the most needs.

Third, coordination would be encouraged between the education and training systems—a long sought-after goal. The proposed legislation will accomplish this by mandating that funds can only be spent after the local education agency and the JTPA administrative entity can agree on what is to be done.

This differs from previous set-aside approaches to coordination in that incentives and mandates for cooperation between the education systems and the employment and training community will exist equally on both sides.

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Fourth, the coordination required between chapter 1 and JTPA participant recipient agencies, two proven and effective programs, would help prevent duplication of services and provide more comprehensive assistance to disadvantaged youth.

And finally, this legislation avoids the need to amend the Job Training Partnership Act or alter any current chapter 1 program. Our fear is that if we begin to amend the Job Training Partnership Act, we would get into a lengthy debate, particularly with the other body, and perhaps with the administration, and find ourselves locked in that battle and unable to get the legislation passed.

Let me offer an example of how this program might work. The summer jobs participant, instead of working the usual 8-hour day, might work for 6 hours and spend the balance taking intensive instruction in reading, writing and math. Alternatively, a full day out of the 5-day work week could be devoted to this instruction.

In addition, this learning could take place in a traditional classroom or at a temporary site close to or on the work site. These would be local decisions, decided jointly between the education agency and the JTPA administrative entity depending on their assessment of the needs of disadvantaged youth in their particular community

Let me just summarize and say that the Summer Youth Educational Enhancement Program does some specific things. It adds an educational component to the Summer Youth Employment and Training Program. It channels almost $100 million through the Department of Education, and the money is distributed to the State education agencies using the chapter 1 of ECIA formula.

It provides local areas that would like to add an educational component an opportunity to strike an agreement between educational community interests and the administrative entity.

And finally, it would foster, I believe, cooperation between educators and those interested in providing jobs.

The two issues: education and jobs, literacy and putting people back to work, particularly our young people who need it. I think it is a viable piece of legislation. I hope this committee considers it carefully.

I thank the gentleman for his patience.

Mr. WILLIAMS. Thank you very much, Bob.

[The prepared statement of the Hon. Robert W. Edgar follows:]

PREPARED STATEMENT OF HON. HAMILTON FISH, JR. AND HON. ROBERT W. EDGAR

Congressman Fish and I want to thank Chairman Matthew Martinez and the other members of the Subcommittee for the opportunity to testify on the Summer Youth Educational Enhancement Act, H.R. 1722. This legislation, which we introduced on March 26th, adds a remedial education component to the Summer Youth Employment and Training Program (Title IIB of the Job Training Partnership Act) for economically disadvantaged youth. The legislation was developed with the assistance of the Northeast-Midwest Congressional Coalition.

We are particularly grateful to the Subcommittee for holding this session and for taking a leadership role in addressing the serious problems of unemployment and high school dropout rates among the nation's youngest workers.

Young people, in general, experience higher levels of unemployment than adults. Currently the national unemployment rate is 7.3 percent, while for 16 to 19 year olds, it is 17.7 percent. For black teenagers, who have an unemployment rate of nearly 40 percent, the picture is especially dismal. One recent study found that less than 3 percent of the more than five million jobs created in 1983 and in the first quarter of 1984 went to teenagers.

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Private employers agree that one of the major deterrents young job seekers face is the lack of basic skills. Estimates from the National Assessment of Education Progress indicate that up to 20 percent of last year's high school graduates were functionally illiterate. Obviously this number is even higher for those who drop out. In some urban schools in this country, the dropout rate is greater than 50 percent; and this figure does not include the many students who are officially enrolled in school but attend irregularly.

Another problem many disadvantaged young people have is a lack of work experience. Because of generally high unemployment in poverty areas, poor youths often do not have much access to working adults who could link them with a first job. Title IIB of the Training Partnership Act (JTPA) is providing almost 700,000 disadvantaged youngsters the opportunity to gain desperately needed work experience. It has been estimated that 80 percent of the participants—all of whom are economically disadvantaged—are two or more grade levels behind in school. Yet, the Summer Youth Employment and Training Program, though authorized to provide remedial education programs for participants, spends virtually no funds on such activity.

A recent survey completed by Grinker, Walker and Associates reveals the low priority of basic remedial education programs among the activities funded under the Job Training Partnership Program. The study, funded by the National Commission for Employment Policy, found that forty percent of the sites provide no basic remedial education for adults or youth. For those sites that do provide remedial education, only 6 percent of the funds are spent on this activity.

The legislation we are proposing—the Summer Youth Educational Enhancement Program—reaffirms Congress' intention to focus attention and resources on eradicating unemployment and illiteracy in this country. In the past decade, we have invested billions of dollars to test and develop the most effective approaches to best enhance the employability of our young people. There is clear evidence that the best results come from programs that combine remedial education as well as work experience. It has been estimated, for example, that for just 100 hours set aside for remedial education during a program such as the summer jobs program, there will be a one or two grade leap in the participants' skill levels. While work experience is very important, much more lasting gains are made in a program which includes both remedial education as well as job experience. H.R. 1722 would do just that.

The major features of H.R. 1722 include:

Funds for remedial education purposes would be channeled through the Chapter I allocation to the state education agencies. These funds would be targeted exclusively to summer youth jobs participants. Local education agencies who wish to receive funding would be required to work out arrangements (i.e., what services are to be provided, when, by whom and for whom) with the administrative entity for the service delivery area under JTPA and then submit a funding application to the state education agency;

State education agencies would have some discretion in considering applications and could, therefore, funnel funds to those areas with the most need;

Coordination would be encouraged between the education and training systems—a long sought after goal. The proposed legislation will accomplish this by mandating that funds can only be spent after the local education agency and the JTPA administrative entity can agree on what is to be done. This differs from previous "set-aside" approaches to coordination, in that the incentives and mandates for cooperation between the education system and the employment and training community will exist equally on both sides;

The coordination required between Chapter I and JTPA participant recipient agencies—two proven and effective programs—would help prevent duplication of services and provide more comprehensive assistance to disadvantaged youth; and

This legislation avoids the need to amend the Job Training Partnership Act or alter any current Chapter I program.

Let me offer an example of how this program might work. A summer jobs participant, instead of working the usual eight hours a day, might work for six hours and spend the balance taking intensive instruction in reading, writing, and math. Alternatively, a full day out of the five day work week could be devoted to this instruction. In addition, this learning could take place in a traditional classroom or at a temporary site close to or on the worksite. These would be local decisions, decided jointly between the education agency and the JTPA administrative entity depending on their assessment of the needs of disadvantaged youth in their particular community.

The positive experience of one major demonstration project, the Youth Incentive Entitlement Program, clearly illustrates the effectiveness of combining education and work as a means of encouraging youth to remain in school while also develop-

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ing good work attitudes and habits. Furthermore, research has shown that 40 percent of youths who are one or more grades behind are likely to drop out of school while only 10 percent of youths who are up to grade level drop out. Therefore, we strongly believe that the introduction of remedial education is an important ingredient of a successful summer youth jobs program.

The Summer Youth Educational Enhancement Program authorizes $100 million to provide remedial education to disadvantaged youth. We are acutely aware of the budget difficulties confronting us. Yet the problem of illiteracy is such that it requires a prompt and effective federal response. We urge the Subcommittee to carefully weigh this critical program and give it high priority. We look forward to working with our colleague, Pat Williams, and the subcommittee in adding a viable remedial education component to the summer jobs program. We thank you once again for the opportunity to testify and for your efforts in organizing this hearing to provide us all the opportunity to gather valuable reaction to H.R. 1722 and H.R. 1090.

Mr. WILLIAMS. What is the cost of your, and Congressman Fish's, proposal?

Mr. EDGAR. We think that we can channel $100 million of existing funds for this program.

We think that there are some funds that are left over that can be utilized and committed to this particular purpose. It would be an accounting procedure, shifting money within the Department of Labor at this point, but there would not have to be any new money added to the system to make this $100 million commitment.

Mr. WILLIAMS. That may be the only way to find $100 million, given the nature of the deficit and the political realities of the Congress and the White House.

Your bill, of course, authorizes the appropriation of $100 million new dollars. But let me ask in following up your assumption that it might be easier to use existing money.

Many local communities believe that there are not now enough chapter 1 dollars to conduct the various efforts to which they are assigned under the law.

Bob, do you think that local education agencies or States are going to support the drawdown of $100 million of current chapter 1 money?

Mr. EDGAR. Well, as you noted, there was a little formula inequity in the legislation in past years that set up a special kind of formula, and I think that there may be ways to search within existing funding sources discretionary funds.

We are not locked in to the provisions of our legislation. We are willing to look at other proposals. We note the voluntary approach and the private sector approach of your legislation.

Our concern is that after we calculate all of the dollar commitments there, we only come up with $24 or $25 million. And we think that that may be too low to get at the problem that we are facing.

We are looking for ways to handle this. But if we can correct the formula problem that we had in the larger cities versus smaller cities, if we can rechannel and redirect some of those funds, I think it can, in fact, be spent.

The communities now who get their formula grants and their funds would not necessarily get any more unless there was a major effort to change the formula and redirect those funds now.

We think that this is that important, that some investment needs to be made. We know the constraints of this administration, but we think if we can target these funds to a remedial education

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program within the summer youth program, that we have an opportunity to save some lives and to give some long-term stability.

We think it is worth the investment. If we didn't have this administration, I think we might cash in one MX missile and find enough funds to provide for not only this program but a lot of other important human needs programs.

Mr. WILLIAMS. Let me encourage you to consider two other matters inherent in your legislation, and then you and I and Ham Fish and Congressman Martinez, will work together to try to develop appropriate legislation.

The two matters would be this: First, when JTPA was developed, the old nonfinancial agreement part of the legislation was dropped as not having been workable. And yet nonfinancial agreements are part of the cornerstones of your legislation. So I would ask that you take a look at that.

And then the other thing is that when you use chapter 1 funds and you don't indicate that there should be differing education methodology used in the education of these young people during the summer, you are then simply relying on the education methodology which, for whatever reason, has failed to provide these students with increased learning.

In our legislation, we encourage the use of a nontraditional but fully accepted methodology, and I would ask you and your staff and Ham to also take a look at the possibility of moving to a new way of teaching these young people.

Mr. EDGAR. I don't have any problem with that.

If I could just use a personal example from myself, I did not learn very well from the classroom, from the blackboard or from books; I learned from touching, feeling, sensing, kind of street education that I received both through college and graduate school and in high school. I majored in football, wrestling, and track when I was in high school, as my teachers and counselors would speak to. But somewhere along the line there was an ability, related to work experience, to learn some other basic skills. Some of my political opponents would say that I never did finish that education.

But my guess is that there are a lot of kids who look functionally illiterate in the streets of our urban centers or in our poor communities across the country who, if given a chance, could in fact turn themselves around. And I support your effort to do it as creatively as possibly and with as much incentive as possible.

I think you are right: There are some traditional settings and some traditional classrooms that would be inappropriate to repeat in the summertime because they fail in the wintertime as well.

I think your goal and our goal is the same. That is, how do you, given the restraints and constraints of this administration and of the reality of no money available to do anything new and creative and innovative, address the very serious problem of youth illiteracy and youth unemployment?

And if we can work together to find a funding method and a teaching method that can bring these things together as quickly as possible, I think our community will be improved.

The point that you make and that I make is that every dollar we invest in the education of our young people and the raising of the level of their information is a dollar that is returned to the Federal

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Government as those persons have more long-term sustaining work experience, pay higher taxes, and return that investment back to the Federal Government. I think it is shortsighted for us to not address that.

Everybody is happy with the economic statistics around the Nation. I can tell you, in Pennsylvania the unemployment rate in Pennsylvania is 1 percentage point than it was 4 years ago, and for teenager unemployment and for black and minority unemployment it is astronomically high, long term, structural, and we have got to address that problem.

Mr. WILLIAMS. Congressman Edgar, we are pleased with your leadership on this issue and delighted to work with you in the future.

Mr. EDGAR. Thank you.

Mr. WILLIAMS. Thank you very much.

I will now ask Charles Tetro and Paul Vigeant to come to the witness table.

Mr. Tetro is president of the Training and Development Corp. in Bangor, ME. Paul is president of the Office of Job Partnerships in New Bedford, Ma.

Gentlemen, again, your entire statement will be placed in the record and you may proceed as you wish.

Mr. Tetro, why don't you proceed first.

STATEMENTS OF CHARLES TETRO, PRESIDENT, TRAINING AND DEVELOPMENT CORPORATION, AND PAUL VIGEANT, PRESIDENT, OFFICE OF JOB PARTNERSHIPS

Mr. TETRO. Thank you, Mr. Chairman.

TDC was established in 1975 and incorporated under the laws of Maine in 1981, and has been nationally recognized for the excellence of its work in the design and management of job training and educational programs for the disadvantaged.

TDC is the only organization nationally which is at once a JTPA program operator, a Job Corps center contractor, and a migrant and seasonal farmworker grantee of the Department of Labor.

Moreover, it was as a consequence of TDC's earlier success at managing for the Penobscot Consortium that in 1981 the Department of Labor funded our organization to create the New England Institute for Human Resource Planning and Management to provide technical assistance and training for State and local employment and training staff in this region of the country.

While no longer funded by the Department nor limited geographically, the New England Institute continues to operate, providing training and consultive services to job training organizations throughout the United States and to schools and correctional facilities as well.

For the past 2 years, the New England Institute has focused much of its activity upon the implementation of the Comprehensive Competencies Program developed by the Remediation and Training Institute of Washington, DC, under a grant from the Ford Foundation.

So it is from the perspective of an organization out in the field operating a range of specific worker education and training pro-

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grams designed for differing population groups and purposes and managing an institute which provides assistance to other job training organizations that I address myself to your concerns today.

I am honored to be able to appear before your subcommittee to share my thinking about legislative initiatives pending before you aimed at ameliorating conditions which severely limit job accession by younger workers.

I would ask that the balance of my written remarks be entered into the record, and your indulgence in proceeding to make some additional points.

The first and most basic question is whether there is need. A great body of research has established beyond any doubt that there is an extremely serious literacy problem in this Nation with significant implications for our future economic and social well-being.

The next question is whether there is a solution within our grasp. Do we possess the knowledge, technology, and experience to successfully address this problem? Once again, the answer is unequivocal: We do.

We might logically ask: Why does the problem still exist? Why have we not proceeded to a solution if it is so apparently within our reach?

There is no singular answer to that. Scarce resources, structural rigidities in our schools' priorities no doubt all contribute, but at bottom we have not seized many opportunities we have had presented to us.

The proposals before this committee take advantage of one such opportunity. For over two decades, we have operated a National Summer Youth Employment Program which has positively contributed to the development of large numbers of our youth.

But it was not until 1978 amendments to CETA legislation, however, that we first authorized educational services in that program. And this new initiative has largely been rhetorical, for since 1978 there has been very limited progress in enriching the summer youth employment experience with substantive educational services.

There is reason for this. Many among us did not know that a solution is within our grasp. It is the curious feature of modern employment and training program history that when we might benefit by tapping a wealth of institutional memory to inform our efforts, we encounter institutional amnesia instead.

Your JTPA amendments could have the effect of reawakening many of us to consider that which we already know. For instance, over that same two decades, Job Corps succeeded in developing a powerful educational component with all the attributes which are commonly required of a successful intervention of this kind.

Recently the Ford Foundation funded the Remediation and Training Institute to update and improve the Job Corps curriculum and to introduce appropriate technology applications into both management and delivery of these educational services. Its final product is called the Comprehensive Compentencies Program.

So we have within the panoply of the Department of Labor programs, within our own reach, the tools to make an important contribution toward ameliorating this national problem.

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I commend the sponsors of these bills for urging us on to this task. There are, of course, many practical issues to consider and here our own experience in Maine may be useful for your consideration.

For many years now, we have operated educational components in all of our worker training programs, including SYEP. In the beginning, we utilized the basic Job Corps Educational Program and, more recently, the Comprehensive Competencies Program, to which I have referred, and each of these endeavors has been highly successful.

Introducing individualized, self-paced, competency-based, open entry, and open exit educational programs has been an important feature and progressive development in our CETA program back in 1978, in JTPA ever since, throughout the entire experience of operating the Migrant Seasonal Farmworker Program, and of course in Job Corps.

As you well know, Maine has a very dispersed population geographically and we have found ourselves able both by operating in major population centers and through alternative arrangements in more rural areas to deliver the entire curriculum to which I have referred.

The question which arises is whether this should mandated or whether we should be providing incentives to implement such an endeavor. In my written remarks, I indicate that I would support the mandate to provide this kind of educational experience, and I do.

I think, as a practical matter, in all of our experiences, we are more likely to find a positive acceptance and result when we provide incentives for those kinds of behaviors, and so I would urge either a mandate or a system of incentives which is used to leverage the thinking of employment and training system managers across the country about the crucial issue of introducing education into the matter of preparing for work.

There is reason to believe, also, in a modest local share or contribution to this effort, such as is in the bill 1090. There are practical realities, I believe, however, which should always constrain our interest in developing local resources in this way. It simply is not fashionable, nor feasible, to raise substantial local resources to support the needs of the most disadvantaged among us. It shouldn't be that way but it has been, and that is why there is such wisdom in Federal interventions of this kind.

But there is a benefit to investing local people in the activities of organizations which are seeking to work on this problem, and there is no quicker way to do that, nor any more substantive way to do that, frequently, than by demanding a financial commitment.

I think you will find, again because your proposal is modest, that the business community in cities and towns throughout this country will be and are prepared to make such a commitment. But I would always urge that it be modest.

I have some strong feelings, again based on my experience, about why such an endeavor should not be administered through the traditional educational system, as one of these proposals would have it.

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First of all, we are dealing with the individuals who, for the most part, have not succeeded in that system and have not succeeded in that environment. It may be as much a commentary upon their individual perspectives, abilities, and behaviors as it is upon that system, and I am not here to debate that today but simply to recognize that it is true.

The experience of the CFTA Program was that extensive time and effort was involved in developing very cumbersome bureaucratic arrangements to advance the ideals of intergovernmental and agency cooperation. Perhaps when resources were as generously distributed as they were then we could afford such a secondary objective to be pursued and such a luxury. We can no longer afford that today. We have to look for efficiencies where we can find them, and I think that means that we have to go about doing this in the most direct and immediate fashion before us.

We know that traditional approaches have not worked; they simply have not been appropriate for many of these young people. And to decide in certain summer months that they are for some reason more appropriate, I think is a poor decision.

It is also the case that many of these youths are proceeding on to work. While many will proceed back to school, others will try to seek and find their first job. And I think an organization and system which is oriented toward worker training and toward work employment opportunities is a far more appropriate vehicle for addressing the general educational development of those same people in this limited framework, albeit not as a substitute for a general educational program.

We also should seek in this to find balance in the roles intergovernmentally. Our institutional amnesia has been produced and encouraged by the withdrawal of the Federal Government from a role which is very appropriate in disseminating information, systems, ideas, programs, and services. It would seem to me that we ought to take this opportunity to readdress that balance as well.

At a time when resources are so scarce, we must forego intervention when it is not needed. I think that in this case, for the most part, it is not needed.

My last general point is that we operate in context. The Summer Youth Employment Program that began and was fashioned to operate in the 1960's was basically, simply an employment program and an income transfer, and it was very appropriately so at that time.

It was very appropriately so during the 1970's when we had substantial labor surpluses and our most immediate need was to sop up large numbers of unemployed youth in our cities and towns each summer.

But times have changed. The nature and requirements of our labor market and economy have changed over this period of time. What we perceive to be in prior years a significant social problem is fast becoming a very substantial and significant economic problem.

Those individuals who we wished, for matters of social justice, to become involved in our system, now are integral to the very productive requirements of the economy. So it is no longer simply a social objective we have, but a very crucial economic one.

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We can't afford to lose the minds, hands and abilities of the vast numbers of youth who each year join the ranks of illiterate, unskilled, unprepared, noncontributing members of our society.

It is on that note that I would end.

Thank you for this opportunity, Mr. Chairman.

Mr. WILLIAMS. Thank you very much.

[The prepared statement of Charles G. Tetro follows:]

PREPARED STATEMENT OF CHARLES G. TETRO, PRESIDENT AND CHIEF EXECUTIVE OFFICER, TRAINING AND DEVELOPMENT CORP., BANGOR, ME

Mr. Chairman and members of the committee, I am Charles Tetro, president of Training & Development Corporation (TDC) of Bangor, Maine. TDC, established in 1975 and incorporated under the laws of Maine in 1981, has been nationally recognized for the excellence of its work in the design and management of job training and educational programs for the disadvantaged. TDC is the only organization nationally which is at once a JTPA program operator, a Job Corps Center contractor and a migrant and seasonal farmworker grantee of the U.S. Department of Labor. Moreover, it was as a consequence of TDC's earlier success in managing these programs for the Penobscot consortium that in 1981 the Department of Labor funded our organization to create the New England Institute for Human Resource Planning and Management to provide technical assistance and training for State and local employment & training staff in this region of the country. While no longer funded by the department nor limited geographically, the New England Institute continues to operate, providing training and consultive services to job training organizations throughout the United States and to schools and correctional facilities as well. For the past two years, the New England Institute has focused much of its activity upon the implementation of the comprehensive competencies program (CCP) developed by the remediation and training institute of Washington, DC under a grant from the Ford Foundation.

So it is from the perspective of an organization "out in the field" operating a range of specific worker education and training programs designed for differing population groups and purposes and managing an institute which provides assistance to other job training organizations that I address myself to your concerns today. I am honored to be able to appear before your subcommittee to share my thinking about legislative initiatives pending before you aimed at ameloriating conditions which severely limit job accession by younger workers.

Hundreds of thousands of American youth are in trouble. They can neither read nor write well enough to fill out job applications. They possess only the most rudimentary conceptual, analytical, and communications skills. They are alienated by a world which has exceeded their grasp. They are out of bounds in the competition for employment and out of place in a society which values work as highly as does ours. And, they are being joined by vast numbers of others with each passing year.

At no other time has the need for a purposeful, well focused and skillfully managed response to the employment problems of our youth been greater—nor have the stakes ever been higher: not in the sixties when burning cities provoked this Nation's conscience to aspire to a more just society, nor in the seventies when the general level of unemployment provided the impetus for the most ambitious and intentionally experimental youth education and training demonstration program ever launched by the Federal Government. For today, a confluence of events and a convergence of forces are wreaking havoc upon the lives of large numbers of youth in ways which have the potential to significantly alter the future economic, social and political course of this Nation. For the first time, those who have sought assistance for disadvantaged youth out of a concern for social justice can and must be joined by others whose concern is for economic efficiency and market success. The stakes are high: we are locked in a global competition for economic position which will determine our future standard of living. In the face of this stiff new competition demographics alone are tending to achieve what social programs have sought with only limited success:

They are putting a premium upon the active participation of groups in our society which have until recently existed as labor market leftovers. Yet, how these recently drafted workers will fare and whether they can contribute to the extent that is required of them is far from certain.

The past decade has been punctuated by fundamental changes in the level and kinds of demands which have been placed upon business enterprises and the workers they employ. The pace of change is accelerating, its impacts are widening and

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its effects are intensifying. No sector of the economy is immune. No enterprise is exempt, and few individuals will be left untouched. The shocks which have been felt in the American economy are not the result of a transitory phenomenon. They are the consequence of a fundamental reordering of relationships among the world's economies which have become more integrally connected than ever before; and this trend will only increase as technology eases the flow of information and frees even more production from geographical boundaries. It is evident that America cannot prevail in a world competition for comparative advantage in the production of goods and services on the basis of our wage structure or our national resource and energy costs. We can, however, prevail in a world wide productivity competition with a highly efficient work force utilizing advanced technologies to overcome these and other native disadvantages. But to do so we must be attentive to the need to accept a very different human resource calculus than we have in the past: worker education and training must be recognized as the investment that it is, for the return that it brings to each business enterprise, and as the basis for our future position in international economic competition. Moreover, if free trade is to be encouraged and its benefits fully realized in this country, then we must take the sting out of the slap of the invisible hand.

We must formulate strategies, enact policies and create structures, which encourage the results which we seek: a flexible work force, equipped with the knowledge and skill to compete, positioned to move with the ebbs and flows of market economies, ready, willing, and truly able to move on to more productive employment and embracing change as a welcome ally in the search for more promising fields of enterprise. This new calculus must be applied to every one—especially to our youth.

Rolling back wages and laying off workers addresses only one element in the productivity equation. It does nothing to increase the rates at which we produce nor to improve the quality of what we produce. It does guarantee that there will be fewer domestic customers for whatever is produced. But if we have to retool our thinking, we also have to retool those institutions which cultivate our ability to think. Times have changed, yet the fundamental assumptions upon which many of our traditional institutions are based have not. The summer youth employment program is one such institution, and it is very properly before us for review and adjustment.

I urge the introduction of a mandatory educational component in the summer youth employment program because the need is obvious and compelling and because it can be efficiently and effectively managed in that context. For too long we have taken the easy road to economic well being for the vast majority of people in this Nation: we have funded welfare payments for many who could have been employed and relaxed immigration requirements to satisfy our appetite for human resources we did not possess. In the process we have blamed many of the victims of our deliberate choices. But just as scarcity has compelled us to return to shale to find oil so we must return to the minds, spirits and hands we have left behind to do that more difficult work to enable them to gain mastery over their own lives so that they too may make a contribution commensurate with their own potential and our nations needs.

I am reminded of a modest book I read in my childhood written around the time of the war between the States. It was titled "the courage of the commonplace"; its message is my message and the purpose of such endeavors as we are here to support. The future place of this Nation will not be secured in "one bold stroke"—one "right policy framework" or one or several "windows of opportunity." It will come about as the consequence of tens of thousands of small decisions and actions undertaken in a climate which encourages those results which we desire. This is one such action and is important for that.

Just as Job Corps is an appropriate and effective response to the very critical needs of some of this country's most disadvantaged youth, syep is an appropriate and cost effective approach to assisting many youth before their lives have become so hopeless. It is our experience that the combination of education and employment will help many who are in school to remain there and will help others who have left school to quickly developed the competencies to acquire and succeed at a first job. I believe that SYEP can succeed as well in achieving its goals as Job Corps has in serving the population it does. And further, I believe that SYEP should be examined just as closely as Job Corps has been—to ensure that as success is achieved it is demonstrated just as clearly and unequivocally.

Whatever we proceed to do—let us not invent where we have successful systems, curricula, and programs. It is time to lead from our strengths and to capture the efficiency of prior investments in research and development. Let us be sure to conform to accepted principles of management, encourage competition and recognize and reward the achievement of results. Any educational component must at very

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least be individualized, self paced and competency based if it is to serve our enrollees needs and fully utilize existing knowledge and technology. Feedback to students and program managers should be regular, frequent and specific and learning gains should be clearly monitored and universally reputed.

Policy has often been articulated as a choice away from particular conventional approaches to meet the challenge of our imminent crisis—a device with great force and uncertain focus which has quite predictably produced quick, undisciplined and frequently unintended results. Albeit there is a vitality associated with crisis solving; but the fruits of such improvisation are unevenly distributed and of varying quality. And, they are expensive. As it is with music, dance and sports, so it is with policy making and implementing. It takes greatness to improvise well, and there are few among us who are great. Fortunately, we are confronting a problem which has been addressed before. It is less a matter of inventing or innovating than it is a matter of having the wisdom and will to proceed to rigorously implement and manage what we already possess the knowledge, ability and experience to successfully accomplish. It is this same logic which informed the development of the remediation and training institute's (RTI) comprehensive competency program (CCP) when the Ford Foundation funded them to update, improve and enhance the Job Corps curriculum and educational management system. CCP is a direct derivative of the highly successful Job Corps educational program. CCP and the basic Job Corps curriculum itself are powerful tools for the program manager interested in addressing the competency gap which separates so many youth from successful employment.

And there is a trap to avoid: the compulsion to craft the "complete solution"—the elegant ideal which shall forever elude policy makers and implementors—in the stead of a modest, achievable action with few pretensions but with the force of its certain success recommending it. The changes which are being contemplated in the summer youth employment program are of a kind which will make a solid, unpretentious contribution to solving the problem of illiteracy and to bridging the competency gap that exists for so many youth. It is one of myriad actions which, when taken together, truly get at this serious problem—each in its own way.

Mr. WILLIAMS. Paul, we would be pleased to hear from you.

Mr. VIGEANT. Thank you, Mr. Chairman.

In preparation for this meeting, we solicited input from Mayor Lawler of New Bedford, who is the chief elected official in our service delivery area, as well as from individual members of the Private Industry Council. There was also a discussion, an issues discussion, of this testimony at the May 16 meeting of the Private Industry Council.

I am here representing both the Private Industry Council of New Bedford/Cape Cod and the Islands, which is an incorporated entity under the laws of Massachusetts, which operates as a strong board of directors, as well as on behalf of Mayor Lawler.

The Office for Job Partnerships, which is the organization that I manage, is a designated administrative entity with operational responsibility for JTPA.

During the 9-month transition period beginning in October 1983, our Private Industry Council was engaged in an institutional development process as well as the labor market planning function. From analysis of the 1980 census, we understood the fact that approximately one-half of the JTPA eligible population in our area lacked a high school education. And of that group, a large majority lacked even eighth grade educational attainment.

At that time we surveyed the educational institutions and community-based organizations in our area to determine the existence of remedial education programs and basic skill development programs. Of the 32 districts surveyed, only one had a formal education program for adults to remediate basic skills.

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Given the identified need for remedial strategy to upgrade the quality of the labor force, and upon review of the research findings, conclusions became clear. It was evident first that a self-paced, individualized mode of instruction was both appropriate and desirable to our constituency.

Second, there are obvious advantages to incorporating computer assisted instruction as well as computer managed learning into that strategy.

Several alternative strategies were evaluated at that time prior to reaching the decision to invest in the Comprehensive Competencies Program, as Chuck has described, and have been developed by the Remediation and Training Institute.

The selection of CCP was based upon its cost effectiveness, its completeness, its comprehensive design, and because of its adaptability to a decentralized delivery system.

The rationale that emerged as fundamental to the remedial strategy that the Private Industry Council endorsed was the fact that in order to be competitive in the labor market, disadvantaged youth and adults unequivocably need the ability to read, write and compute.

As a consequence, all participants who are provided services through JTPA in our area are provided direct access to the Comprehensive Competencies Program either as a feeder program for further occupational training and human resource development activities or as a current adjunct to those vocational training programs. This applies as well to title III participants serving dislocated workers.

The structure of our 1985 Summer Employment Program is described in my testimony, and I would like to highlight some of those features at this point.

We have approximately $1.2 million available for training and services to youth this summer. The Private Industry Council, in its planning, recognized several things.

First, that academic and functional enrichment was critical enough to be incorporated into our strategy.

Second, PIC further recognized that youth have a relatively short-term perspective of human resource development and often fail to recognize the importance of basic skills development in preparation for work in the private sector.

As Chuck has mentioned earlier, we really address two problems in the Summer Program: the first, that of human resource development; the second of income inadequacy.

During the previous summer program, various enrichment activities were tested, such as computer camp approaches, and the pilot seemed to indicate tremendous success in both remediation and impacts on learning gains.

A practical dilemma which exists in the operation of an enrichment program was the fact that without financial incentives for enrollment in these academic enrichment activities, disadvantaged youth often select enrollment options such as work experience which provides financial incentives through wages.

Considering that summer earnings of disadvantaged youth represent a fourth to a fifth of the total family income of poor house-

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holds, the decision to seek out paid activities versus unpaid activities becomes understandable.

In the design of the 1985 Summer Program, several assumptions became very fundamental. First and foremost, traditional work experience activities were assigned the lowest priority.

Second, enriched work experience activities, particularly those in the private sector through vocational exploration, were assigned the highest priority.

Third, the structure of financial incentives paid to participants should be graduated with minimum wage to be paid for those enrolled in traditional activities with an hourly wage of $3.75 for those enrolled in vocational exploration in the private sector.

And finally, that the earnings potential for each of the enrollment options should be controlled both through the number of hours worked and the hourly wage so as to make attractive and more attractive those programs which include an enrichment component.

The Vocational Exploration Program operates in the private sector. The Private Industry Council has allocated a half million of the $1.2 million available for vocational exploration.

Basically, participants will be enrolled 25 hours per week at a rate of $3.75 per hour. A precondition to participation in vocational exploration is that the youth spend 5 hours per week in a related enrichment activity.

As a condition to further participation of vocational exploration, the employer is required to pledge $10 per week per academic benchmark assigned to the participant. These $10 pledges are tax-deductible contributions through the Private Industry Council, and the $10 are back-cash incentives and bonuses paid directly to participants.

The enriched work experience programs parallel these activities, except they are conducted in the public sector. Through a general solicitation process, schools were encouraged to structure programs for alternative learning that would combine part-time work experience and part-time academic enrichment.

Since we had no financial base to provide financial incentives to the enrichment activities, we graduated the wage to $3.50 per hour and we structured the workweek to be a 24-hour workweek. There is $500,000 appropriated to the enriched work experience activities; we anticipate enrolling up to 50 youths.

The traditional work experience programs, which are typical of the CETA Program, will have a minimum wage and will be controlled 20 hours per week.

In comparing these wage differentials, it should be noted that the gross earnings potential for vocational exploration enrollment is $90 per week. In addition, there is a $10 cash bonus for attainment of competency, which pushes the gross earnings potential in excess of $100 per week.

This earnings potential compares favorably with the $85 weekly earnings potential of enriched work experience participants and most favorably with the $67 weekly earnings associated with traditional work experience.

The operational experience to date is that the graduated structure of incentives is having its intended effect. Youth are voluntari-

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ly opting to enroll in enrichment activities, and we expect fully to hit our goals.

With regard to the proposed legislation, both yourself and Congressman Fish are to be commended for the leadership in pushing enrichment to the forefront of our legislative agenda.

With regard to H.R. 1090, I support the concept of initiation and control of enrichment programs through the Private Industry Council. In my opinion, this is a clear advantage to both the authorization and allocation process outlined in H.R. 1722.

I fear that the consequences of Mr. Fish's bill would be to establish an unnecessary bureaucratic approach to structuring an enrichment program. My sense is that it would be constraining in terms of the options that would be allowable as enrichment.

My sense is that, as Chuck pointed out, the target populations are precisely those who have not reached peak experiences in the school systems. As a consequence, I think we would be building in several immediate barriers to success in that program.

I think it is important to hold the Private Industry Council accountable for enrichment and provide them with both direct control of resources and the incentives to mobilize local support for enrichment.

With respect to the H.R. 1090 requirement that Private Industry Councils raise non-Federal funds to support enrichment, I think the idea of challenge grants is appropriate, but perhaps not so in this case. I think such a regulation would be very difficult to enforce.

And furthermore, the application of sanctions for noncompliance would be both untimely and counterproductive.

I think that corporate philanthropy ought to be encouraged but not necessarily legislated.

Finally, I think the 90-percent hold-harmless provision of H.R. 1090 is an excellent idea and ought to be extended to all parts of JTPA.

In summary, then, I would like to make four points.

First of all, that academically enriched work experience does, in fact, have a positive impact on youth, as the research findings substantiate, in terms of improving both their basic skills and increasing their understanding of career development.

Second, that the individualized and self-paced structure of the Comprehensive Competencies Program makes large-scale enrichment programs feasible, attractive to both youth and employers, and allows the Private Industry Council to measure in very specific terms its return on investment.

Third, the current Private Industry Council capacity to provide enrichment to youth would be enhanced if local efforts to generate resources were, in fact, supported through State and Federal efforts.

Finally, since Private Industry Councils are responsible for the design and implementation of the Summer Program, they, and not the Department of Education, ought to be responsible for enrichment.

Attached to my testimony are examples of program activities, including our Summer Program as well as year-round youth enrichment activities, which couple academic enrichment with work ex-

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perience as both a part-time activity after school, for inschool use, as well as the full-time activity for the out-of-school population.

I, too, thank you for your indulgence, and am prepared to respond to any questions.

Mr. MARTINEZ [presiding]. Very good.

[The prepared statement of Paul Vigeant follows:]

PREPARED STATEMENT OF PAUL VIGEANT, PRESIDENT, OFFICE FOR JOB PARTNERSHIP, ON BEHALF OF NEW BEDFORD/CAPE COD AND ISLANDS PRIVATE INDUSTRY COUNCIL, INC.

BACKGROUND

This testimony is submitted: 1) to provide the subcommittee with a description of the New Bedford/Cape Cod and Islands Private Industry Council's approach to the issue of enrichment activities for youth and 2) to provide comments regarding HR1090 and HR1722 respectively. In preparation for this hearing, input was obtained from individual members of the Private Industry Council and Mayor Brian J. Lawler of New Bedford, MA. In addition, the issue was discussed at the May 16th meeting of the Private Industry Council.

The New Bedford/Cape Cod and Islands Private Industry Council, Inc. operates as a strong Board of Directors in partnership with Mayor Lawler, and has direct policy guidance and oversight responsibility for JTPA. The Office for Job Partnerships is the designated administrative entity which operates JTPA on behalf of the Private Industry Council and Mayor Lawler.

During the nine month transition period beginning on October 1, 1983, the Private Industry Council and the Office for Job Partnerships were engaged in institutional development and labor market planning functions. At the inception of JTPA, an analysis of the 1980 census indicated that approximately one-half the JTPA eligible population lacked a high school diploma. These data further indicated that a large majority of those lacking a high school education had in fact less than an eighth grade education. At that time, the OJP surveyed educational institutions and community based organizations to determine what types of programs were in existence to provide remedial education. Of the thirty-two school districts surveyed, only one had a formal adult basic education program. These services were limited to residents of the City of New Bedford and were delivered through conventional methods.

Given the identified need for a remedial strategy to upgrade the quality of the labor force, the staff of OJP reviewed research findings regarding remedial education.

First it was evident that a self-paced individualized mode of instruction was both appropriate and desirable. Second, there were obvious advantages to incorporating computer assisted instruction and computer managed learning into the remedial strategy.

Several alternative systems were considered before the Private Industry Council reached its decision to invest in the Comprehensive Competencies Program (CCP) developed by the Remediation and Training Institute.

CCP was selected because of its cost effectiveness, because of its completeness and its comprehensive design and because of its adaptability to a decentralized delivery system.

The rationale that emerged as fundamental to the remedial strategy was that in order to be competitive in the labor market, disadvantaged youth and adults unequivocably need the ability to read, write and compute. As a consequence, all participants who are served through JTPA in this Service Delivery Area are provided access to CCP, either as a "feeder program" to occupational training, or as a concurrent adjunct to vocational training. This applies both to programs funded under Title IIA and Title IIB, as well as Title III.

1985 SUMMER YOUTH EMPLOYMENT PROGRAM

Preliminary planning estimates indicate that approximately $1.2 million is available for training and services to youth this summer. The Private Industry Council has recognized the need for academic and functional enrichment during the summer program. The PIC further recognized that youth have relatively short-term perspectives regarding career development and often do not recognize the importance of strong basic skills in preparing for work in the private sector.

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The PIC further recognized the need to address the two distinct problems of human resource development and income inadequacy through the summer program. During the previous summer, various enrichment programs, such as computer camps, were tested as pilots.

A practical dilemma which exists in the operation of enrichment programs is the fact that without financial incentives for enrollment in academic enrichment, disadvantaged youth select enrollment options such as work experience, which provide financial incentives through wages. Considering the fact that summer earnings of disadvantaged youth represent a fourth to a fifth of the total family income in poor households, the decisions made by youth to seek out paid activities, such as work experience versus unpaid activities, such as academic enrichment, is understandable.

The design of the 1985 summer program is predicated on the following assumptions:

Traditional work experience activities are the lowest priority.

Enriched work experience activities in the private sector through vocational exploration are the highest priority.

The structure of financial incentives paid to participants should be graduated with minimum wage to be paid for traditional work experience and with an hourly wage of $3.75 for vocational exploration in the private sector.

The earning potential for each of the three enrollment options should be controlled through both the hourly wage and the number of hours of enrollment, so as to make more attractive those programs which include an enrichment component.

The three enrollment options for youth are as follows:

VOCATIONAL EXPLORATION PROGRAM (VEP)

A vocational exploration activity is designed to expose youth age 14-21 to a variety of occupations developed in the private sector through observation, instruction and limited "hands-on" experience. The youth will participate in a job rotation of work stations, each station not to exceed eighty hours.

Incentive: $3.75 per hour, 25 hours per week. All VEP participants will also spend up to 5 hours per week in classroom training or remedial education. The employer pledges to pay $10.00 per academic benchmark achieved through donation of tax deductable contributions. $500,000, nearly one-half the SYEP total, is budgeted for this program, representing approximately 500 jobs.

ENRICHED WORK EXPERIENCE

An "enriched" work experience combines all elements of a traditional work experience activity with classroom training or remedial education. Youth age 14-21 may participate. These activities are conducted in the public sector.

Incentive: Participants will receive $3.50 per hour for hours spent in work experience, not to exceed 24 hours per week. Participants will also spend 5 hours per week in classroom training or remedial education. $500,000 is also budgeted for these programs, to enroll 500 youth.

WORK EXPERIENCE

A work experience activity is structured to provide employment opportunities for youth 14-21 in the public sector. Jobs are provided to give young people the opportunity to learn specific tasks, to establish positive relationships with employers, and to understand the formal and informal roles of organizations.

Incentive: The Youth will work not more than 20 hours per week and receive a wage of $3.35 per hour. $200,000 is budgeted for this program.

MAKING ENRICHMENT ECONOMICALLY ATTRACTIVE

It should be noted that Vocational Exploration in the private sector has a gross earnings of approximately $94 per week and requires employers to pledge $10 per academic benchmark included in the enrichment. Upon attainment of a pre-determined competency (roughly one per week) the youth receives a $10 bonus. Consequently, the gross earnings potential is in excess of $100 per week. Since the PIC is a non-profit corporation, the employer contribution is tax deductable.

This earnings potential compares favorably with the $84 weekly earnings of participants in enriched work experience programs in the public sector. It compares most favorably with the $67 weekly earnings associated with enrollment in traditional work experience programs that include no enrichment. This incentive structure has had the intended effect; youth are selecting enrichment programs.

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Attached as an appendix to this testimony is a set of fact sheets which describe the enriched work experience programs and the Vocational Exploration Program.

COMMENTS ON PROPOSED LEGISLATION

I strongly commend both Congressman Williams and Fish for initiating legislation in support of remedial education in combination with work experience for youth. With regard to HR1090, I support the concept of initiation and control of enrichment programs through the Private Industry Councils. In my opinion, this is a clear advantage to the authorization and allocation process described in HR1722. I fear that appropriation through the Department of Education systems would create an unnecessarily bureaucratic approach. HR1722 would indirectly establish the capacity for enrichment on behalf of JTPA participants that could be more directly created and controlled through legislation which amends JTPA. I believe it's important to hold Private Industry Councils accountable for enrichment and also to provide them with direct control of the resources. Furthermore, HR1722 would be somewhat more restrictive and less flexible in the design and delivery of enrichment.

A weakness of HR1090 is the requirement that Private Industry Councils raise non-federal funds to support enrichment. The idea of challenge grants is appropriate for certain programs, but in my opinion not in this case. Such a requirement would be difficult to enforce and the application of sanction for non-compliance would be untimely and counter-productive.

Corporate philanthropy should be encouraged and not legislated. The concept of requiring states to match locally generated resources is commendable and ought to be given serious consideration. Finally, the 90% hold-harmless provision of HR1090 is an excellent idea and ought to be extended to all parts of JTPA.

SUMMARY

1. Academically, enriched work experience does have a positive impact on youth, in terms of improving their basic skills and increasing their understanding of career development.
2. The individualized, self-paced structure of CCP makes large scale enrichment programs feasible, attractive to both youth and employers and allows the PIC to measure its return on investment.
3. The current PIC capacity to provide enrichment to youth would be enhanced if local efforts to generate resources were supported at the State and Federal levels.
4. Since Private Industry Councils are responsible for the design and implementation of SYEP, *they* and not the Department of Education, should be responsible for enrichment.

I thank the subcommittee for this opportunity and welcome any questions or comments.

APPENDIX SPECIAL PROJECTS FOR YOUTH ENRICHMENT

FACT SHEET AND PROGRAM INVENTORY, OFFICE FOR JOB PARTNERSHIPS, NEW BEDFORD, CAPE COD AND ISLANDS, 181 HILLMAN STREET, NEW BEDFORD, MA

Program: Vocational Exploration Program.

Contractor: Office for Job Partnerships/Greater New Bedford Area Chamber of Commerce.

Trainee population: In and out-of-school youth, age 16–21.

Cycles, duration and dates: Open entry/open exit.

Note: A special summer program is being operated in combination with the New Bedford Chamber of Commerce.

Total budget and sources: Title IIA $13,342 Title IIB $500,000.

Program description: Youth are exposed to a variety of jobs in the private sector. Each participant is rotated after up to 80 hours at each worksite. Wages are paid of $3.75 per hour. Youth must spend 5 hrs./wk. in related training. Businesses which host VEP clients are requested to pledge $10. per academic bench-nark to be paid directly to client upon achievement of academic benchmark. Full-time constitutes 25 hours of VEP work experience. Part-time after school constitutes up to 10 hours of VEP work experience.

Contact person: Maureen Medeiros Tel. 999-3161 or Patricia Mitrokostas Tel. 1-800-352-3153.

Program: Enriched Work Experience.

Contractor: Office for Job Partnerships.

Trainee population: In and out-of-school youth, age 14–21.

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Cycles, duration and dates: Open entry/open exit.
Total budget and sources: Title IIA $40,024 Title IIB $300,000.
Program description: Employment in public sector organizations coupled with a classroom training experience. Wages are paid at $3.50/hr. for hours spent in Work Experience. Full-time constitutes 24 hours per week in Work Experience. Part-time after school constitutes up to 10 hours in Work Experience.
Contact person: Rodney Hunt Tel. 999-3161 or William Appleton Tel. 1-800-352-3153.
Program: New Bedford Public Schools/OJP Computer Enrichment Program.
Contractor: New Bedford Public Schools.
Trainee population: 48 In-school youth who are residents of New Bedford.
Cycles, duration and dates: Summer Youth Program 7/1/85-8/31/85.
Total budget and sources: Title IIB and 8% funds.
Program description: Enriched work experience program provides computer literacy and applications training, supplemented by work experience.
Contact person: Christine DiGiacomo Tel. 999-3161 or Ari Cote Tel. 997-4511.
Program: Summer Youth Program at Apponequet.
Contractor: Apponequet Regional High School.
Trainee population: 18 youth who are residents of the Freetown-Lakeville area.
Cycles, duration and dates: Summer Youth Program 7/1/85-8/31/85.
Total budget and sources: Title IIB and 8% resources.
Program description: Enriched work experience program provides training in computer programming, word processing, data processing, and computer applications, while also providing related work experience.
Contact person: Peggy Vieira Tel. 999-3161 or James Grasela Tel. 947-2661.
Program: On-site Photography of Our Local Industries.
Contractor: New Bedford Public Schools Art Department.
Trainee population: Eight youth age 14-21.
Cycles, duration and dates: Summer Youth Program 7/1/85-8/31/85.
Total budget and sources: Title IIB.
Program description: Enriched work experience program teaching basic photography and dark room procedures. Students will photograph local industries in and around New Bedford for a slide presentation.
Contact person: Peggy Vieira Tel. 999-3161 or Raymond Bisallion Tel. 997-4511.
Program: Pre-employment Skills Training.
Contractor: Dartmouth Public Schools.
Trainee population: 30 in-school youth, preferably residents of Dartmouth.
Cycles, duration and dates: Summer Youth Program 7/1/85-8/31/85.
Total budget and sources: Title IIB.
Program description: Pre-employment activities, consisting of assessment, counseling and work experience or vocational exploration.
Contact person: Peggy Vieira Tel. 999-3161 or Frederick Sylvia Tel. 995-8634.
Program: Martha's Vineyard Summer Partnership.
Contractor: Martha's Vineyard Regional High School.
Trainee population: Fifteen in-school youth who are students at Martha's Vineyard Regional High School. Ten students will be handicapped.
Cycles, duration and dates: Summer Youth Program 7/1/85-8/31/85.
Total budget and sources: Title IIB.
Program description: Program attempts to facilitate interactions between students who have had little previous exposure to each other--handicapped and non-handicapped students in a co-teaching enriched work experience.
Contact person: Robert Rocha Tel. 771-0141 or Daniel Seklecki Tel. 693-2007.
Program: Summer Job Van.
Contractor: New England Learning & Research.
Trainee population: 14-15 year old youth.
Cycles, duration and dates: Summer Youth Program 7/1/85-8/31/85.
Total budget and sources: Title IIB.
Program description: Summer mobile local labor market orientation program for youth.
Contact person: Dan Roderigues Tel. 999-3161 or Anne Garberg Tel. 683-0005.

Mr. MARTINEZ. Mr. Williams.

Mr. WILLIAMS. Thank you, Mr. Chairman.

Mr. Tetro, you have had experience with individualized, competency-based, self-paced, open-ended instructional methodology and you share with the committee some of those experiences, particu-

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larly the successes or failures that you have had in bringing students through that type of an education process.

Mr. TETRO. There are a couple points that I think are particularly pertinent. One is that in the Job Corps experience, as you well know, there are not great financial incentives for participation. And I think there is an instruction there.

In lieu of that, there is a very elaborate system of achievement recognition which takes place in every Job Corps center in the country and which I think might provide a very good model for summer youth employment program activity as well.

What we know from just general management experience is that financial rewards don't tend to be motivators. The issue really is, Can a person afford to participate?

If they can, and many youth in the Summer Employment Program will be able to, then the more pertinent issue is motivating their academic achievement in that context, and I think a whole, very elaborate system of achievement awards is the appropriate method there.

As far as success goes, I think that there are very substantial studies before your committee indicating the success Job Corps has had. That is the success that CCP is built upon and it is also the success that most competency-based programs of that kind enjoy.

The reason they enjoy that is that the educational experience is geared to the abilities and progressive development of an individual, not group. The second reason that they work is that much of the alienation which comes from failing in school is eliminated or vastly reduced when one is working against one's own standards at one's own pace.

And finally, I think that the experience we have had is that people will fail. And one important lesson we might all have learned from our experience in running these programs over large numbers of years is that failure will always be a feature of anything we do, and in some instances it is an important feature.

I think the reason that many of the job training programs, such as Job Corps, have survived is that they have been rigorous, they have achieved the results they have set out to achieve, and they have recognized when they have failed and they have dealt with their failures. We offer an opportunity; we do not guarantee success.

The last point I would make is that while our concern here today is properly upon youth, our experience with those different program activities that I have described has been in applying that same curriculum for people who are as young as 14 and 15 years old and as old as their late sixties and early seventies.

So I think that the efficacy of these program designs is very well established, and could make a very solid contribution to summer programs.

Mr. WILLIAMS. Mr. Vigeant, what types of incentives would you suggest?

For example, you have said that PIC should be encouraged but not legislated with regard to their financial involvement. Give us some help with regard to how you would provide incentives.

Mr. VIGEANT. I think that to the extent there were discretionary resources, either controlled by the Secretary or at the State level,

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which could be earmarked as matching funds, as the bill suggests, that would provide some incentive to employers to participate.

I think that the other types of incentives include access to trained workers which are a consequence of the program activities.

Those, I think, would be the two easiest to put together in the short run, and probably the most practical.

Mr. WILLIAMS. Are you familiar with the local share requirement in my legislation? Is it realistic, in your judgment?

Mr. VIGEANT. To the extent that we are successful in our Vocational Exploration Program, we will generate around $45,000 in matching funds. That, I think, would be in compliance with the provisions of your bill.

Here, a success of raising nearly $50,000 out of a local area, a fairly poor area, should be encouraged and, in fact, lauded. To the extent that there was negative sanction applied there, that would really disrupt the planning and institution building that we are engaged in.

Being from the local level, I am less concerned with your interest in legislating the States, so that to the extent that States would be required to match either through JTPA resources that they controlled or through general appropriations from the legislature, through the Department of Education, that would provide, I think, a pretty good match.

Mr. WILLIAMS. Mr. Tetro, would you respond to that same question?

Mr. TETRO. It is my belief, as I testified, that the match is realistic, appropriate and desirable.

Mr. WILLIAMS. Thank you, Mr. Chairman.

Mr. MARTINEZ. Thank you, Mr. Williams.

Mr. Gunderson.

Mr. GUNDERSON. Thank you, Mr. Chairman.

First of all, I apologize for being late, but like everybody, with the budget coming up today, we've got a hundred other meetings going on at the same time.

Therefore, I would like to ask unanimous consent that a statement may be inserted in the record at the beginning of the hearing.

Mr. MARTINEZ. Without objection, so ordered.

[The prepared statement of Hon. Steve Gunderson follows:]

PREPARED STATEMENT OF HON. STEVE GUNDERSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

This morning we are focusing on a very important program to our nation's young people. Every summer, approximately 900,000 14 to 21 year old disadvantaged youth participate in the summer youth employment program, authorized under title II-B of the job training partnership act. This is the largest national youth program serving more young people than all other employment and training programs combined.

By providing income and work experience for disadvantaged youth who would probably be unable to find private sector jobs otherwise, this program is designed to ease the school-to-work transition and to encourage a return to school in the fall.

Studies undertaken in recent years (several of which we will hear about today), have proven that economically disadvantaged youth are likely to experience decay in their achievement scores during the summer months. Those youth who are behind one grade level or more in school are at a much higher risk of dropping out of school. Individualized, self-paced remedial instruction has been found to be effective in reversing these trends and can produce short-term and in many cases long-term gains in basic academic and functional competency skills. Those students who

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participated in experimental groups where summer employment was supplemented with remedial education classes, seemed to make a positive connection between school and work.

I commend the chairman of this subcommittee for recognizing the need for organizing this hearing. And I commend Representatives Williams, Fish, and others for sponsoring legislation addressing the need for providing remedial education in conjunction with summer employment programs to those students in need of such services.

Mr. GUNDERSON. I generally would like to focus on one question that, to a degree, is a followup to what Mr. Williams has asked, and that is what I guess we are talking about now, that the budget is money.

First of all, do you feel that there is the available funds right now within JTPA that would allow us to "add this new education element" without additional funding, or, as he has suggested, a match between this and some local raising of that revenue? How do you respond to the whole focus on the financial aspect?

I would be interested in comments from either of you on that.

Mr. VIGEANT. As I understand it, there are in fact discretionary funds available through the Secretary's office which could be leveraged into this effort.

Beyond that, the State 8 percent education coordination resources available at the State could, in fact, be channeled into some type of a matching share relationship.

That is my understanding of the availability of funds in the current fiscal process.

Mr. GUNDERSON. Do you want to comment on exactly how you would see a local service delivery area raising some revenue on their own to match this?

Mr. VIGEANT. One of the programs that we are engaged in this summer is vocational exploration in the private sector, which is a combination of work experience through job rotation, controlled every 3 weeks by rotations to different job tasks. The base of these job explorations is in the private sector.

As a condition for participation from the client side, we require that they spend 5 hours per week in an academic enrichment activity. A condition on the employer to host the youth is that they pledge $10 per academic benchmark that is established on a weekly basis for this youth in their enriched activity.

Mr. GUNDERSON. Ten dollars a week per student?

Mr. VIGEANT. Well, basically there is a competency goal or an academic benchmark, an academic objective, established for each of the weeks of participation for the youth.

This is a process that is negotiated with the employer so as to ensure relevance. As I say, basically it is one academic competency per week over the course of a 9-week summer program.

The employer is requested, and required in fact, to pledge $10 per academic benchmark as a condition for participation. This $10 is a tax-deductible contribution in the sense that our Private Industry Council is incorporated, both under chapter 180 of Massachusetts general law and as a nonprofit with the IRS.

The $10 pledge is specifically earmarked, payable to the individual participant upon achievement of an academic competency which is recognized prior to the program. In that way, there is a direct contributions mechanism and a direct fund-raising mecha-

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nism built into our program design, the purpose of which is to provide a cash incentive to the youth who participate in the nonpaid enrichment activities.

Mr. TETRO. Mr. Gunderson, to answer your first question about whether there are enough resources, I think that we are all in this room acutely aware of the limitations that you face and that the country faces on resources. The problem, clearly, far exceeds any resources currently directed at it, and that will probably be the case for some time.

So there will always be the need and ability to apply, well apply, additional resources toward solving this problem.

But I think the pertinent issue is whether we currently invest the resources we have optimally. I think the answer to that is that we do not, in my opinion.

We can redirect resources within the current appropriation and have a benefit which exceeds that which we currently do when we don't invest in education during the Summer Employment Program.

I simply think it is a matter of investing toward education, toward human resource development in the summer, and associating that activity with work and income, as we have traditionally.

The second point I would make in relation to the local match issue that I probably was too curt on a moment ago, and that is this: I support a nominal match, a match which brings business people, for instance, to the table with their own dollars to make a commitment to be concerned about, and overseeing and participating in the educational development of these youth.

But I underline nominal because, as we all know, the ability to match is really inversely proportional with the need to have the program operate, and where we most desperately need these educational services will least likely find private resources able to match. And I would hope that we will keep that in mind as we implement this program.

Mr. MARTINEZ. The time of the gentleman has expired.

We wish to thank you, Mr. Tetro and Mr. Vigeant, for coming and testifying before us.

Thank you.

Our next witness is Mr. Williams.

STATEMENT OF HON. PAT WILLIAMS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MONTANA

Mr. WILLIAMS. Mr. Chairman, thank you.

Seventy-nine members of the House, including five of the subcommittee chairmen of the House Education and Labor Committee, have joined me in sponsoring H.R. 1090.

My bill makes two changes in current law. First, it adds an individualized, self-paced, competency-based education component. And second, it provides a 90-percent hold-harmless provision to ensure against drastic shifts in allocations from summer to summer.

The education component would, first, provide youth with basic academic and functional competencies; second, provide counseling on the connection between skills and job prospects; third, involve those who are behind in school in combined work experience and

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remedial education activities; and finally, develop individualized remedial strategies for each young person during the school year.

In developing this legislation, I reviewed a variety of ways to structure and fund an education component, and I drafted my bill using two principal assumptions.

First, that the legislation require no additional Federal dollars, and thus be revenue neutral.

Second, that the legislation would avoid the use of nonfinancial agreements between the education training communities used under CETA and, by the way, rejected by both Houses of Congress in the development of the current Act, JTPA.

Although we obviously should provide sufficient dollars necessary to fully fund an education component for the summer youth efforts, it is clear that the President will not do so.

In reporting the budget resolution, our House Budget Committee, of which I am a member, provided increases for inflation, for low-income, nondefense discretionary programs. However, no additional funds were provided for new initiatives, such as this one. The Senate made major cuts in education and job training in its budget resolution.

Thus, any new funding initiatives would compete for limited resources with existing programs.

The report accompanying the House budget resolution includes the following statement highlighting the need for action: "The Budget Committee"—quoting now—"the Budget Committee recognizes that high youth unemployment continues to be a serious national problem. It believes that employment and training educational component initiatives to attack this problem are justified, and expects the relevant committees to come forward with approaches to this problem."

This legislation today was developed in response to research findings from the Ford Foundation. I will submit in my prepared testimony each of those five findings. However, let me highlight two of them.

First, that individualized, self-paced remedial instruction is effective and the preferred approach in reversing trends with economically disadvantaged youth, and that it can produce modest and lasting gains in basic academic and functional competency skills.

And second, when achievement scores can be raised during the summers, especially for youth aged 14 and 15, high school dropout rates may be reduced.

Further refinements to this legislation were made after receiving comments from the National Governors Association, the American Vocational Association, the Roosevelt Centennial Youth Project, and a number of JTPA directors, as well as others.

Just this week, I received the research results from Dr. Charles D. Johnson of Michigan State University, and I would like to highlight some findings.

Quoting: "During the period from 1972 to 1981," he said, "my group tested and trained several hundred SYEP youth in the area of basic reading and math as well as prevocational skills necessary for entry into the labor force. Over this period, we learned a great deal about motivating poor kids, types of curriculum that work and how to mesh such training with summer work experience.

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"A brief summary of what we learned that may be helpful in your legislative effort," he writes, "would include the following." And then he provides me with several suggestions which I will place in the record.

Let me repeat: My legislation requires no additional Federal dollars and is revenue neutral.

Since it requires, after a 2-year phase-in period, that each Private Industry Council raise a limited amount of non-Federal funds to pay for this effort, these locally raised funds would then be matched by the State from non-Federal sources or from existing Federal funds available to the State under section 202(b) (1) and (3) of JTPA and under chapter 2 of the Education Consolidation and Improvement Act of 1981.

Thus, if $824 million is appropriated for SYEP, a minimum of $24 million would be available each year for this effort.

Simply stated, Mr. Chairman, education works. Research shows that individualized, self-paced remedial instruction is effective and is the preferred approach in reversing these trends with economically disadvantaged youth.

We believe it can produce lasting gains in basic academic and functional competency skills. And when achievement scores are raised during the summer, as I have said before, high school dropouts may be reduced.

I look forward to working with Mr. Fish and Mr. Edgar on their bill, 1722, and with you in trying to meld the bills in a way that is in the best interest of our young people.

In closing, Mr. Chairman, let me note that last month 8,400,000 Americans were out of work and about 38 percent of them are under 25 years of age.

The unemployment rate for young black Americans is 39 percent; for young white Americans, it is 15. While nearly 7,800,000 jobs have been created since the depth of the recession in November 1982, only 3 percent of that gain was due to new jobs for America's youth.

I think, Mr. Chairman, that this Nation is creating a tragic pool of illiterate, unemployed Americans, and unless we tackle the problem starting today, I believe this bomb which is now ticking is going to ignite in such a way as to significantly disturb the economic and social fabric of this country in the next decade.

Mr. MARTINEZ. Thank you very much, Mr. Williams. And since I agree with you totally, I won't ask any questions.

We have a vote on the floor. We will return in five minutes and we will then hear from the Hon. Mayor of Chicago, Harold Washington, Bill Lucy and Sar Levitan.

[Recess.]

[The prepared statement of Hon. Pat Williams follows:]

PREPARED STATEMENT OF HON. PAT WILLIAMS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MONTANA

Mr. Chairman, seventy-nine members of the House of Representatives, including five of the subcommittee chairmen of the House Education and Labor Committee, have joined me in sponsoring HR 1090, the Summer Youth Employment, Training and Education Act of 1985.

My bill makes two changes in current law. First, it adds an individualized self-paced, competency based education component. Second, it provides a 90% hold-

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harmless provision to insure against drastic shifts in allocations from summer to summer. The education component will:

1. provide youth with basic academic and functional competencies;
2. provide counseling on the connection between skills and job prospects;
3. involve those who are behind in school in combined work experience and remedial education activities; and
4. develop individual remedial strategies for each young person during the school year.

In developing this legislation, I reviewed a variety of ways to structure and fund an education component and drafted my bill using two principal assumptions:

1. That the legislation require no additional federal dollars and thus be revenue neutral; and
2. That the legislation would avoid the use of non-financial agreements between the education and job training communities used under CETA and rejected by both houses of Congress in the development of JTPA.

Although we obviously should provide sufficient dollars necessary to fully fund an education component for the summer youth programs, it is clear that the President will not do so. In reporting the budget resolution, our House Budget Committee provided increases for inflation for low income, non-defense discretionary programs as a result of my amendment in caucus. However, no additional funds were provided for new initiatives such as this one. The Senate made major cuts in education and job training in its budget resolution. Thus, any new funding initiatives would compete for limited resources with existing programs by the time the budget conference is completed.

The report accompanying the House Budget resolution includes the following statement highlighting the need for action:

The Budget Committee recognizes that high youth unemployment continues to be a serious national problem. It believes that employment and training and educational competency initiatives to attack this problem are justified and expects the relevant committees to come forward with approaches to the problem.

This legislation was developed in response to research findings by the Ford Foundation that:

1. economically disadvantaged youth are likely to experience decay in their achievement scores during the summer;
2. a significant portion of the difference in learning from year between disadvantaged and advantaged youth may occur during the summer;
3. disadvantaged youth who are behind one grade level or more in school are at-risk of dropping out of school;
4. individualized, self-paced remedial instruction is effective and the preferred approach in reversing these trends with economically disadvantaged youth, and can produce modest and lasting gains in basic academic and functional competency skills; and
5. when achievement scores can be raised during the summer, especially for youth aged 14-15, high school dropout rates may be reduced.

Further refinements to this legislation were made after receiving comments from the National Governors' Association, the American Vocational Association, the Ford Foundation, the National Association of Counties, the National Association of Private Industry Councils, 70,001 Ltd., the National Alliance of Business, the Rockefeller Foundation, and the Roosevelt Centennial Youth Project, as well as a number of JTPA directors.

Just this week I have received the research results of Dr. Charles D. Johnson of Michigan State University. I would like to highlight these findings:

"During the period from 1972 to 1981, my group tested and trained several hundred SYEP youth in the area of basic reading and math as well as prevocational skills necessary for entry into the labor force. Over this period we learned a great deal about motivating poor kids, types of curriculum that work, and how to mesh such training with summer work experience. A brief summary of what we learned that may be helpful in your legislative effort would include the following:"

1. "There is a severe problem in the basic skill areas. In screening large cross-sections of SYEP youth, approximately 45% of those tested fall below 6th grade (20% below 3rd) on standardized reading and math tests. Contrary to some of the popular literature, math deficits are even more pronounced than reading."
2. "Rapid change in basic skill levels is possible. Working in both rural and urban areas we have reliably observed gains of approximately two grade levels on standardized tests following 100 hours of training. Briefly stated, it is possible to move a youth with a 4th grade reading level into the written culture (popular) magazines and newspapers) over the course of a summer."

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3. "Providing local schools with additional funds on a formula or block grant basis to meet the problem is pointless. If the solution was within their immediate instructional approach additional legislation would be unnecessary. A structually different approach to training is required in order to correct this dramatic problem."

Let me repeat, my legislation requires no additional federal dollars and is thus revenue neutral, since it requires (after a two-year phase-in period) that each private industry council (PIC) raise a limited amount of non-federal funds (1.5% of the SYEP allocation) to pay for this effort. These locally raised funds would then be matched by the state from non-federal sources or from existing federal funds available to the state under section 202(b)(1) and (3) of JTPA and under chapter 2 of the Education Consolidation and Improvement Act of 1981. Thus, if $824 million is appropriated for SYEP, a minimum of $24.72 million would be available each year for this effort.

My bill would require each service delivery area (SDA) to establish an education effort to serve those youth who would most benefit from remediation. As compared with JTPA which emphasizes the need for local decisions on what types of programs to be mounted in each SDA, this bill mandated the development of an education component two years after enactment. We require an education component in HR 1090 because provisions for basic education have been a part of the summer youth program since 1978 when the Comprehensive Employment and Training Act (CETA) was reenacted and have rarely been implemented. The decision to mandate an education component is reinforced by the lack of institutional memory due to the high level of staff turnover in the system, and the fact that the Department of Labor has failed to disseminate research on programs that have proven to be effective.

Simply stated, education works. Research shows that individualized, self-paced remedial instruction is effective and the preferred approach in reversing these trends with economically disadvantaged youth, and can produce modest and lasting gains in basic academic and functional competency skills; and when achievement scores are raised during the summer, especially for youth aged 14-15, high school dropout rates may be reduced.

I congratulate Mr. Fish and Mr. Edgar for their bill, HR 1722. I believe that it is important for this subcommittee to hear all ideas on this issue, and I welcome their support for legislation on this important issue. It is extremely rare that any bill becomes law as introduced, and I look forward to working with my colleagues to develop this best legislation possible.

I applaud my subcommittee chairman, Mr. Martinez for holding this hearing and would be happy to answer any questions you may have.

Mr. MARTINEZ. Thank you for having the patience with our House activities. There was more than just a single vote, and that is what delayed us in getting back.

I wish to, at this time, take the opportunity to welcome the chairman of the full Education and Labor Committee, the Honorable Gus Hawkins. And also joining us is Major Owens, a member of the committee.

With that, we would like to introduce our next panel, which consists of the honorable mayor of Chicago, Harold Washington; Bill Lucy, vice president of the American Federation of State and County Municipal Employees; and Mr. Sar Levitan, director, Center for Social Policy Studies.

Gentlemen, thank you.

Mr. Washington, would you care to begin?

STATEMENT OF HON. HAROLD WASHINGTON, MAYOR, CITY OF CHICAGO; SAR A. LEVITAN, DIRECTOR, CENTER FOR SOCIAL POLICY STUDIES; AND WILLIAM LUCY, INTERNATIONAL SECRETARY TREASURER, AMERICAN FEDERATION OF STATE AND COUNTY MUNICIPAL EMPLOYEES, A PANEL

Mr. WASHINGTON. Thank you very much, Mr. Chairman. I deeply appreciate the invitation to appear before your committee.

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I must say to you that I feel somewhat nostalgic appearing here because I have sat in this committee as one of the mild interrogators, on many occasions to the right side of the gentleman who sits now your extreme right, under his tutelage and guidance. And I must confess to you they were some of the better days of my life.

I recall that I had an opportunity to interrogate such awesome characters as Brad Reynolds, head of the Civil Rights Division in the present administration, Mr. Stockman and others.

So it is with some degree of nostalgia that I come here today and with some degree of humility, and I would say minor trepidation based on the awesomeness of this particular panel. But thank you for inviting me.

I am flanked by two of the preeminent individuals in the country in the area of employment of everyone, particularly the youth. And I will keep my remarks brief, because I am certain that what they have to add is extremely important.

But I would say in beginning that the question of unemployment for youth is perhaps one of the most gnawing, serious and debilitating social disorganization problems confronting the country today. You see it in sharp relief in the city of Chicago, and it is so dire that clearly the city, whether Chicago or Philadelphia or Detroit or Atlanta or New Orleans or wherever, you cannot solve or resolve those problems in and of itself.

We in Chicago have several initiatives of which we are rather proud, but they are miniscule when you look at the totality of the problem.

For example, we have in Chicago approximately 200,000 young individuals of employment age, youth, who are unemployed today and 180,000 of those will be unemployed for the remainder of the year because the jobs are just not there. And those 20-some-odd thousand who will be employed will be employed mainly through the initiative of some of these programs, some of the Joint Partnership and Training Act programs which Mr. Hawkins was the sponsor of.

But clearly, most of those young people, many of them who are in dire financial straits, will not have any gainful employment this year, maybe not next year, or any other year, because the cities simply cannot put together the wherewithal to provide the kind of assistance they need.

Then when you look at some other horrendous statistics like the school dropout rates, you have to say there is a clear and present danger here. We have to be invested with a sense of urgency or we are going to have some serious problems in this country.

For example, in Chicago the dropout rate of blacks and Hispanics is approximately 50 percent and going up, Brother Williams and Congressman, and whites is 30 percent and going up. Most of those individuals didn't get further than the second year in high school.

They are going to be flotsom and jetsam, and moving around these cities peripherally with nothing to do, nowhere being trained, no ambition, lack of motivation, ready fodder for the dope addict/hustler, ready fodder for the pimp, for the hustler and the stickup man, and they are going to fall into a pattern of conduct which is going to further erode the vitality and viability of our great cities,

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making it even more necessary to increase our police, et cetera, et cetera. It is a vicious, vicious circle.

It is useless to tell these cities to resolve the problem; they can't do it. Help has to come from the Federal Congress, or there will be no help.

It seems to me that the height of insult is perpetrated when someone says to me, as they did this morning, "Well, why don't the cities help themselves? Why should the Federal Government have to do the job?" If the Federal Government doesn't do the job, no one will.

Cities can't control the economy. Mayors who go around beating their breasts saying that they are doing this and doing that in reference to the economy are kidding themselves.

I don't kid people. I tell you categorically, these cities cannot resolve these problems. There has to be Federal guidance, Federal help, Federal assistance, Federal investment in the young people of this country.

What are the reasons for these dropouts? Lack of motivation; economic reasons. Kids go to school—and I am not so old that I've forgotten the days when I was in high school. It was important to me to have some decent clothes. It was important to me to be able to take my little lady—we called them girls in those days—take my little girl—you can't do that now—take my little lady to the show. It was important to me to have some money to throw away. It was a status factor, not only an economic factor. It was important to other kids. If they don't have this wherewithal, they operate under certain psychological disadvantages.

These are just ordinary kids. I am not talking about the impingement of illicit activity, dope and crime and all those things upon young people today in a much greater extent than they were before.

Not only that, they are losing faith in the system. And even worse, they are alienated from the system and don't even know that there is a system there, what it means or how you penetrate, and so forth and so on.

So these are the problems we have. The net result of gang problems, drug problems, family crises are propounded over and over again.

We need to deal directly with this problem as quickly as possible, without a lot of fanfare, without beating our breasts and going to the wailing wall about it, but just get straight to the business of trying to resolve this problem.

Mr. Chairman, we need to ensure that the Youth Employment Act, which we have finally put into law, which we are trying to put into law, be a measure that will introduce our youth to the labor market with a reaffirmed sense of the dignity of hard work and a fair reward for a job well done.

We do not need a program that will result in turning off many of our young people and will understandably make them feel exploited, particularly as they will be pitted against their elders who will suddenly be at the great disadvantage when it comes to signing up for a day's work.

It is important that this legislation be considered in the cold light of reality, in terms of the real job market that will prevail

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this summer. It is also important that it be considered with the long term and not just a long, hot summer interest in mind.

The Hawkins initiatives, as we understand them, target to the real problem areas, not allowed to be so diffuse that it doesn't apply solutions to problems.

In the city of Chicago, we will see over 100,000 young people suddenly on the job market in a few days. It is important that our expertise and our intelligence be applied to that problem, not to generalized notions of the problem, but on a targeted basis.

Second, we need to create not only job opportunity, but also incentives for our young people to work hard and give a day's work for a day's pay. We want them to work alongside their elders. We want them to develop the work relationship that reinforced the American way of labor, not to create a new generation of competition and resentment between the new, young, underclass of underpaid and the older generation of minimum wage workers.

The specters, as sad as it is, are frightening to contemplate. Frankly so, it is a hell of a way to start your work experience.

Third, we need to be sure that we are also providing fresh incentives to our young minority students—30 percent of them are unemployed—to stay in school or to return to school, to improve their lifelong employment opportunities, by ensuring that they receive the fullest possible education and training. There is an obvious connection between the quality of education and employability of a student.

This summer, and in later life, it is important that any program you enact address the importance of continuing education.

I believe that the Youth Incentive Employment Act addresses these concerns. The key to this approach is that it targets those areas with the highest youth unemployment and covers both the school year and the summer break. It provides part-time employment during the school day and then full-time employment during the summer months.

Those who qualify are also targeted. Economically disadvantaged young people between the ages of 16 and 19 who are willing to stay in school or pursue an accredited alternative training program and complete their high school education. Employment will be further targeted to public agencies, not-for-profit corporations, and private employers.

This program would, therefore, combine the best elements of education and employment, and would extend the concept of education to the world of employment without setting up reverberations, or the spirit of competition of subsistence.

In short, we think that the Hawkins initiative does that which has to be done to rectify not just the immediate problem, but also address itself to the long-range problem.

One, you provide gainful employment for young people at the minimum wage; and two, you demand or provide that they be motivated to stay in school to earn that stipend. So you do two things at one time: You subject them to the kind of entry-level employment training at least that they need, and also keep them in the atmosphere of an educational operation so that they can proceed further.

I think it is an excellent initiative.

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I won't comment on the present initiative offered by the President of these United States. I think it is an atrocity.

The assumption that there will be jobs provided by the use of subminimum standards is simply not a proven premise. There is no demonstration that it will work; there is no demonstration that it will increase the number of jobs.

As a matter of fact, all of the sound evidence empirically indicates that it probably won't. And I don't think we should be bound by the old saying that "something is better than nothing." It is just not true.

The Congress has the responsibility of coming up with the kind of program that will be useful, meaningful, and address itself to a serious problem.

In conclusion, let me say this: We are experiencing something under this administration which is shocking to behold. For the first time in 100 years we have an administration which is turning its back—not just turning its back, but is assaulting the citadel of civil rights.

And we in Chicago are now being forced to defend a standard of affirmative action which has been annealed, gone to the crucible, and has come out and proven to be a device, a meager tool, which is designed to bring women, Hispanics and blacks further into the mainstream of American, at least municipal, government. Now the administration is turning its back on it.

As I sit here, I get a similar feeling that they are trying to turn their back on 100 years of what we might call relative labor advancement and relative labor peace, and turn its back to the days of the serf, if not the quasi-slave, by saying to our young people, "You can and should work in a society you didn't create and can't control; you must work for subhuman wages." I just don't think the Congress wants to go on record as doing any such thing.

Thank you.

Mr. MARTINEZ. Thank you, Mayor Washington.

With that, we turn to Bill Lucy.

Mr. LUCY. Thank you, Mr. Chairman.

My name is Bill Lucy. I am international secretary treasurer of the American Federation of State and County Municipal Employees.

The views I will share with you today reflect the views of my organization, and secondarily, the views of the organization entitled the Coalition of Black Trade Unionists.

I share with Mayor Washington the appreciation of this committee for allowing us to appear before you, and to comment and to share our views with regard to the need to link youth employment and education programs.

Teenage unemployment, especially black teenage unemployment, is an extremely difficult and complex problem. Many Members of Congress, especially members of this committee, have struggled over the years to address the many facets of this complicated problem.

The new Secretary of Labor agrees that black teenage unemployment is a complex problem. While discussing the administration's youth subminimum wage proposal, he indicated that he doesn't think that it is the perfect solution, that the problem is so complex

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that no single approach will suffice. He even goes so far as to suggest that labor's concerns about the substitution effect of a subminimum might have some merit.

This is refreshing from an administration that for 5 years has focused its attention on a youth subminimum to the exclusion of all other programs. Unfortunately, the Secretary then comes back to the administration's original proposal.

Black teenager unemployment is so high, he argued, that we ought to at least try the youth subminimum, a 5-month, nationwide experiment. The rhetoric is different but the proposal is the same: a single approach to an admitted complex problem.

The administration's neglect of and opposition to programs in the Department of Labor has exacerbated and contributed to the unemployment among teenagers and their families.

The old programs—and I would suggest the old programs worked—48 percent of the people employed under the old Comprehensive Employment and Training Act's public service employment programs were minorities. Forty-one percent were under 22 years of age.

The administration's replacement of CETA, the Job Training Partnership Act, operating with significantly fewer funds, have failed to fulfill even its slimmer promises to youth.

Most service delivery areas are not spending the legally required portion of their funds on youth. Few have established the specific programs targeted to youth.

All told, the Department's employment and training programs have been cut in half—cut by $4 billion since 1981. Current administration plans to eliminate WIN, the only link between welfare families and employment and training programs, to cut the Job Corps 30 percent, to cut the Employment Service by one third, and to further reduce summer youth employment under JTPA can only make matters worse for disadvantaged teenagers and their families.

Administration induced reductions in health and welfare programs at the Department of Health and Human Services, reductions in child nutrition and food stamps at Agriculture, and the general assault on student aid at the Department of Education have all negatively impacted black teenagers and their families, contributing to the problems of black teenager unemployment.

I would like to turn for a moment to the impact of these program reductions on people who work, a group who is often overlooked in these discussions.

More and more full-time workers and their families are now living in poverty. They are employed, they work full time, they just don't earn enough to escape poverty.

Since 1978, when the poverty count began rising, the percentage of full-time workers who are poor have gone up by one-third, up by 33 percent since 1978. This rise accelerated with the first Reagan budget cuts. There were even more poor families headed by full-time, year-round workers in 1983 than there were at the end of the 1974–75 recession.

Despite a consistently strong work effort, poor families today are farther in dollar earnings from escaping poverty than was true just 5 years ago.

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Calculated in inflation-adjusted dollars, roughly one-third, 33 percent of the Nation's poor families, needed less than $1,000 to escape poverty back in 1978. Today that is true for only about one-sixth, 15.5 percent, of the group.

More important, for more than half of today's poor families, it require more than $3,000—a 66-percent increase—to get out of poverty, despite the fact that two-thirds of the families in poverty in this country include wage-earners and two-thirds of them actually have more than one earner in the family.

It is here among the working poor as well as among the unemployed that we encounter the most black teenage unemployment. Black teenage unemployment is a family problem, an adult unemployment, as well as a poverty problem.

High school and junior high school children in families with at least one parent earning a decent wage have time at home to study, time to learn about their social relationships at play with their peers; they are not forced out of school by instability at home or the need to earn money to survive. They are not unemployed; they are not looking for work.

After systematically trying to reduce all Federal support programs for disadvantaged black teenagers and the families, after admitting that unemployment among black teenagers is a complex problem requiring several approaches, the administration still offers us a single, ideological and inadequate solution, a youth subminimum wage.

It is a solution that the members of this committee know will not work. We don't need an experiment.

The two youth subminimums already in existence, one under FLSA for students at $2.85 an hour and the other under the targeted jobs tax credit, which in some circumstances can be used to reduce the cost to the employer of employing a teenager below $1 an hour, have failed to increase teenage employment. They have certainly failed to stem the increase in black teenage unemployment.

During the last 25 years we have witnessed the virtual collapse of the black teenage labor market. During the period, the white teenage labor market has remained stable relative to the general economy.

Between 1955 and 1980, white teenage unemployment increased from 10.3 percent to 15.5 percent, while black teenage unemployment jumped 23 points, from 15.8 to 38.6 percent. Since 1981, total teenage unemployment has actually declined somewhat, while black teenage unemployment has continued to climb.

Now black teenage unemployment is almost 2½ times that among white teenagers.

This unemployment problem will not respond to a regulatory scheme that relies on the market. Black teenagers are not in the market. Instead of the South and West and the suburbs, they are in the North and the Midwest and central cities. While the number of employers decline in the latter areas, teenage jobs go begging in the former.

Last month I attended the yearly meeting of the National Conference of Black Mayors, which is rumored to support the administration's subminimum. Most of the members of this organization,

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or a substantial number, represent in major part small rural communities, and I think it is fair to say that their support for youth subminimum is driven by their own sense of frustration.

In these communities, they don't have jobs, period—not for teenagers, not for adults, not for women, not for men, not for anybody. We at AFSCME share their frustration.

Over the years, however, we and the mayors of larger cities have learned that policies that are not targeted, that rely on the market, often miss the black community. They certainly fail to reach black teenagers.

The situation is different in different parts of the country, urban and rural, East and West. With targeting, we can account for and address these differences.

The last effective attack on black teenage unemployment came with the Youth Employment Demonstration Projects Act in the late 1970's. With this program we learned that targeted youth employment programs could help black teenagers participate in the economic recovery.

Chairman Hawkins' Youth Incentive Employment Act of last year would build on this successful experience. The administration's youth subminimum builds on nothing.

The administration argues that other approaches to this complex problem ought to come from State and/or local government and the private sector. It will suggest that public education could do a better job, that perhaps local governments could subsidize transportation for black teenagers to suburban jobs.

It will single out exemplary local initiatives, both public and private, for praise. We have heard all of this rhetoric before, although, we have to say, we have to laud and give compliments to those local programs that have put forth a heroic effort, both public and private, on behalf of disadvantaged youth in communities across this country.

Unfortunately, different localities have different priorities, and sustaining energetic local efforts, be they public or private, over a long period of time is extremely difficult. It requires resources.

More often than not, it has been some form of Federal support that triggers and sustains successful local effort. Sustaining local effort is especially difficult in the face of a complex problem like black teenage unemployment.

This problem requires a targeted national effort sustained national resources and leadership.

We again need, we still need, a comprehensive employment and training program that links education and training and work experience. We need an adequate support system for our poor and near poor, a system that provides the time for education and training and work experience to influence a teenager, to take hold of him or her and create a future for him or her.

Our union supports efforts like those discussed here today and those in Chairman Hawkins' Youth Incentive Employment Act to link education and work experience, and to target that link to disadvantaged, unemployed teenagers.

Our union has vigorously opposed all of the reductions in aid to black teenagers and their families championed by this administration. We continue that struggle in this year's budget battle.

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We consider the House Committee on Education and Labor one of our finest and strongest allies in this effort.

Mr. Chairman, we thank you.

Mr. MARTINEZ. Thank you, Mr. Lucy.

[The prepared statement of William Lucy follows:]

PREPARED STATEMENT OF WILLIAM LUCY, INTERNATIONAL SECRETARY-TREASURER, AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES

My name is William Lucy, I am Secretary-Treasurer of the American Federation of State, County and Municipal Employees.

I want to thank the Committee for this opportunity to discuss the need to link youth employment and education programs.

Teenage unemployment, especially black teenage unemployment is a complex problem.

Many Members of Congress, especially Members of this Committee, have struggled over the years to address the many facets of this problem.

The new Secretary of Labor agrees that black teenage unemployment is a complex problem. While discussing the administration's youth subminimum wage proposal he has said that he does not think that it is the perfect solution; that the problem is so complex that no single approach will suffice. He even goes so far as to suggest that labor's concerns about the substitution effect of a subminimum might have some merit. This is refreshing from an administration that for five years has riveted its attention on a youth subminimum to the exclusion of all else. Unfortunately the Secretary then comes back to the Administration's original position. Black teenage unemployment is so high, he argues, that we ought to at least try the youth subminimum, a five month nationwide experiment. The rhetoric is different but the proposal is the same, a single approach to an admitted, complex problem.

The Administration's neglect of and opposition to programs in the Department of Labor have contributed to unemployment among teenagers and their families. 48 percent of the people employed under the old Comprehensive Employment and Training Act's public service employment programs were minorities, 41 percent were under 22 years of age. The administration's replacement for CETA, the Job Training Partnership Act, operating with significantly fewer funds, has failed to fulfill even its slimmer promises to youth. Most Service Delivery Areas are not spending the legally required proportion of their funds on youth. Few have established specific programs targeted to youth. [1] All told the Department's employment and training programs have been cut in half, cut by $4 billion since 1981. Current Administration plans to eliminate WIN, the only link between welfare families and employment and training programs, to cut the Job Corps 30 percent, to cut the Employment Service by one third and to further reduce summer youth employment under JTPA can only make matters worse for disadvantaged teenagers and their families.

Administration induced reductions in health and welfare across the Mall at the Department of Health and Human Services, reductions in child nutrition and food stamps at Agriculture and the general assault on student aid at the Department of Education have all negatively impacted black teenagers and their families, contributing to the problems of black teenage unemployment.

I'd like to turn for a moment to the impact of these program reductions on people who work, a group we often overlook in these discussions.

More and more full-time workers and their families are now living in poverty. They work, they just don't earn enough to escape poverty. Since 1978, when the poverty count began rising, the percentage of full-time workers who are poor has gone up by more than one-third. This rise accelerated with the first Reagan budget cuts. There were even more poor families headed by a full-time, year-round worker in 1983, than there were at the end of the 1974-75 recession.

Despite a consistently strong work effort, poor families today are farther from escaping poverty than was true just five years ago.

Calculated in inflation-adjusted dollars, roughly one-third of the nation's poor families needed less than $1,000 to escape poverty back in 1978; today that's true for only about one-sixth (15.5%).

More important, for more than half of today's poor families, it would require more than $3,000 to get out of poverty—despite the fact that two-thirds of the fami-

[1] From Grinker-Walker and Associates as reported in "Youth Employment: Investing in the Future or Shortchanging Our Youth" by the Full Employment Action Council, May 3, 1985.

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lies in poverty in this country include wage earners (and two-thirds of them actually have more than one earner in the family). [2]

It is here among the working poor as well as among the unemployed that we encounter the most black teenage unemployment

Black teenage unemployment is a family problem, an adult unemployment as well as a poverty problem. High school and junior high school children in families with at least one parent earning a decent wage have time at home to study, time to learn about social relationships at play with their peers. They're not forced out of school by instability at home or the need to earn money to survive. They're not unemployed. They're not looking for work.

After systematically trying to reduce all federal support programs for disadvantaged black teenagers and their families, after admitting that unemployment among black teenagers is a complex problem requiring several approaches, the administration still offers us a single, ideological and inadequate solution, a youth subminimum wage.

It is a solution that the Members of this Committee know will not work. We don't need an experiment. The two youth subminimums already in existence, one under the FLSA for students at $2.85 an hour and the other under the Targeted Jobs Tax Credit which in some circumstances can be used to reduce the cost of employing a teenager below $1.00 an hour have failed to increase teenage employment. They've certainly failed to stem the increase in black teenage unemployment.

During the last twenty-five years we have witnessed the virtual collapse of the black teenage labor market. During this period the white teenage labor market has remained stable relative to the general economy. Between 1955 and 1980 white teenage unemployment increased from 10.3 to 15.5 percent while black teenage unemployment jumped 23 points from 15.8 to 38.6 percent. Since 1981 total teenage unemployment has actually declined somewhat while black teenage unemployment has continued to climb. Now black teenage unemployment is almost two and a half times that among white teenagers.

This unemployment problem will not respond to a regulatory scheme that relies on the market. Black teenagers are not in the market. Instead of the South and West and the suburbs, they're in the North and Midwest and central cities. While the number of employers decline in the latter areas, teenage jobs go begging in the former.

Last month I attended the yearly meeting of the National Conference of Black Mayors which supports the Administration's Youth Subminimum. Most of the members of this organization represent small rural communities, and I think it's fair to say that their support for a youth subminimum is driven by frustration. They don't have any jobs, not for teenagers, not for adults, not for women, not for men. We at AFSCME share their frustration. Over the years, however, we and the Mayors of larger cities have learned that policies that are not targeted, that rely on the market, often miss the black community. They certainly fail to reach black teenagers. The situation is different in different parts of the country, urban and rural, east and west. Targeting can account for these differences.

The last effective attack on black teenage unemployment came with the Youth Employment Demonstration Projects Act in the late 1970's. With this program we learned that targeted youth employment programs could help black teenagers participate in a recovery. Chairman Hawkins Youth Incentive Employment Act which passed the House last year would build on this successful experience.

The Administration's youth subminimum builds on nothing.

The Administration argues that other approaches to this complex problem ought to come from state and/or local government and the private sector. It will suggest that public education could do a better job, that, perhaps, local governments could subsidize transportation for black teenagers to suburban jobs. It will single out exemplary local initiatives, both public and private, for praise. We've heard all this before.

We do have laudatory local programs. We've always had heroic private and public efforts on behalf of the disadvantaged in scattered communities across the country. Unfortunately different localities have different priorities and sustaining energetic local efforts, be they public or private, over long periods of time is difficult. It requires resources. More often than not it has been some form of federal support that triggers and sustains successful local effort. Sustaining local effort is especially difficult in the face of a complex problem like black teenage unemployment. This prob-

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[2] Information developed from U.S. Department of Commerce's "Characteristics of the Population Below the Poverty Level: 1983," Series P.60, No. 147, by Nancy Amide: while a visiting professor at the University of Michigan.

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lem requires a targeted national effort sustained by national resources and leadership.

We again need, we still need, a comprehensive employment and training program that links education and training and work experience. We need an adequate support system for our poor and near poor, a system that provides the time for education and training and work experience to influence a teenager, to take hold of him or her and create a future for him or her.

AFSCME supports efforts like those discussed here today and those in Chairman Hawkin's Youth Incentive Employment Act to link education and work experience and to target that link to the disadvantaged, unemployed teenager.

AFSCME has vigorously opposed all of the reductions in aid to black teenagers and their families championed by this administration. We continue that struggle in this year's budget battle. We consider the House Committee on Education and Labor one of our finest allies in this battle.

This summer the Mayor of Washington D.C. is able with a mix of federal local resources to offer every local teenager willing to work a summer job. AFSCME believes that all Mayors, no matter the political and economic situations in their cities, should have this opportunity as well.

Thank you.

Mr. MARTINEZ. Before we introduce our next witness, I would like to acknowledge the presence of our colleague, Chester Atkins from Massachusetts.

Thank you for attending.

Mr. Sar Levitan.

Mr. LEVITAN. Thank you, Mr. Chairman.

Your letter stated that we are to operate under the 5-minute rule. I would like to tell you that, as a college professor, that is cruel and unusual punishment, but I will try to keep it within those limits.

With your permission, if you will include in the record my brief statement, I will try to summarize it in the remaining time.

Mr. MARTINEZ. We have acknowledged that we would submit written statements in the record.

Mr. LEVITAN. Thank you, Mr. Chairman.

My brief statement is divided into three parts, Mr. Chairman. I stated that there is no use to belabor here the point of the tragically high youth unemployment that we have in this country. And Mayor Washington and Mr. Lucy have already spoken on that, so I will not belabor that point. However, if there are any questions on that, of course, I will be able to do it, not on my own time, Mr. Chairman.

As far as the second point that I am making in my brief statement, it is that the dual minimum wage is not the way to go to fight youth unemployment.

Normally it would be very difficult to oppose an administration proposal that says it is an experiment. But, as Mr. Lucy has just suggested, it is not an experiment. We have tried various forms of lower minimum wages for youth.

The basis for suggesting that this is not an experiment is based on three facts, which Mr. Lucy has just mentioned, namely that full-time students can already work for 85 percent of the minimum wage, which makes it $2.85. So it is only a difference of 30 cents, 35 cents from what the administration is proposing, and what is the actual minimum wage now for youth.

No. two, the 33 percent, the Targeted Jobs Tax Credit, which Mr. Lucy has already suggested, we can make it possible for an employer to hire 16- and 17-year-old youth from disadvantaged homes,

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which is presumably their target population in the administration bill, about a dollar.

By the way, I want to correct the record. In my haste to prepare the statement, I said "one-sixth" in my prepared statement; it should be one-third of the minimum wage.

No. three, the Carter administration has tried to provide 100 percent subsidy in selected communities throughout the country, and in each of these cases, the local administrators of the program found that it was even difficult to place disadvantaged youth at 100 percent subsidy, so I don't see how $2.50 an hour is going to create the jobs.

I would say that the administration claim that the lower minimum wage will create 400,000 is either based on ideology or maybe upon some hope for which I cannot find any basis for that statement.

Again, the minimum wage has not been changed since January 1981. Since then, inflation has eroded the minimum wage by 22 percent. There is no evidence whatsoever that the eroded minimum wage has actually created jobs for youth or for anybody else.

If anything, I would say that possibly the youth unemployment situation has worsened rather than improved during the last 4 years.

One place, one point that disadvantaged youth could find an outlet in very productive training as well as employment was in the military service. But because Carter increased pay of military service as well as because of the lack of opportunity for better qualified youth, disadvantaged youth cannot find it very, very difficult, if not at all foreclosed, to enter the military, which was one way for them to gain experience as well as training.

Now, then, what does that leave me? That leaves me exactly to the bill that Mr. Williams has suggested, or has introduced, and which he has spoken of earlier today, that although—and since I am not running for any office, I don't have to play with phrases like "revenue neutral." So, therefore, I would say now it cannot be, Mr. Williams, revenue neutral. I would say that if you really want to help disadvantaged youth or any youth to get a job, you have to do two things.

One is to create jobs for them in the private sector. That does not make it revenue neutral.

No. 2, we have to make sure, as Mr. Washington has already corroborated and Mr. Lucy has suggested, and which is, of course, otherwise in Mr. Williams' bill, and that is that we have to make it possible for them to acquire the three R's. We call it basic competency these days. Given my age—excuse me if I talk just about three R's—but the fact is that lots of kids that get into good schools do not master, whether they get a diploma or whether they drop out earlier, they do not master the three R's, and that is a necessity for any job in the United States.

Now, finally, as an economist, I am as sensitive, I suppose as any reasonable economist should be, to the horrendous deficit we are facing now. But—and this is not certain but this I believe is a fact—that if we don't do something about youth unemployment now, the chances are we will pay in the long run more than by not doing anything.

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And while the budget deficit is not created to a large extent by the present administration, while it is horrendous, at the same time this is not the only goal which should direct or guide this Congress.

And, therefore, we cannot avoid that responsibility of creating jobs and training disadvantaged youth to be able to keep jobs.

Thank you, Mr. Chairman. I yield about a half a minute.

Mr. MARTINEZ. Thank you very much.

[The prepared statement of Sar A. Levitan follows:]

PREPARED STATEMENT OF SAR A. LEVITAN, CENTER FOR SOCIAL POLICY STUDIES, THE GEORGE WASHINGTON UNIVERSITY

1. HIGH UNEMPLOYMENT CONTINUES TO PLAGUE THE NATION

a. There is no need to belabor the facts about the prevailing high unemployment that continues to persist in the 30th month of recovery from the recent recession. While we all hope, of course, that the recovery will continue, the latest statistics indicate a slowdown in economic growth which portends a probable resumption of stagnating and even rising unemployment.

b. For more than a decade, the job deficits for American teenagers has remained disturbingly high and critical for minority youth, and I am not using the term lightly.

c. The data are straightforward. the economy has failed to generate enough jobs for all potential jobseekers and one of every six teenagers in the labor force is currently unemployed. These conditions prevail not only for youth going to school and looking for part-time work; teenagers looking for full-time jobs find even greater difficulties in the labor market. Last year 4 million teenagers sought full-time jobs, but only three of five met with any success; the balance was equally divided between those who had to settle for part-time work and those who remained completely idle. The latest Bureau of Labor Statistics data indicate the situation has not shown any improvement in the current year either. There are simply not enough jobs to absorb a large proportion of the youth seeking part-time or full-time employment.

2. A DUAL MINIMUM WAGE OFFERS LITTLE HOPE

a. Many factors have contributed to the high rate of youth unemployment that has prevailed during the past decade. General business conditions, technological change, demographic characteristics, population migration, and the influx of undocumented aliens all appear to affect youth labor markets. The administration, however, has chosen to single out the minimum wage as its favorite whipping boy (or girl) to account for the disturbingly high unemployment rate, particularly among minority youth. Relying upon presumed findings of economists—who should know better—the explanation offered is simple: by imposing a minimum wage, the government prices youth out of the labor market.

b. Based on an abiding faith in the operations of free markets, the remedy offered by the administration is equally straightforward: reducing the statutory minimum wage for teens would create jobs for unemployed youth seeking work. Like most simple solutions, this one offers the wrong explanation and is likely to lead to the wrong solutions.

1. Present legislation already provides for relief from the statutory minimum wage. The Fair Labor Standards Act allows employers to pay full-time students 85 percent of the minimum wage (or $2.85). But many employers do not take advantage of this cut-rate deal, apparently because they cannot acquire the desired workers at the lower rate. It is difficult to give credence to the administration's claim that by lowering the floor on hourly wage rates during the summer months by another 35 cents would generate some 400,000 jobs for unemployed youth.

2. Under the Targeted Jobs Tax Credit an employer may hire 16- and 17-year-old youths from a poor household—presumably the prime candidates for the administration's concern—for as little as one-third of the current minimum wage, but few employers have availed themselves of these bargain rates.

3. Under President Carter's youth legislation, private employers in selected communities were subsidized 100 percent for hiring teenagers from poor households. Yet, the local administrators of the program had to turn to public and non-profit establishments to absorb the free labor.

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c. Since January 1981 when the minimum wage was last boosted, inflation has reduced the real hourly rate by 22 percent to an effective rate of $2.60 (based on January 1981 prices). There is little evidence that this real reduction in the minimum wage has created any measurable number of new jobs. On the contrary, there is reason to believe that the labor market situation for disadvantaged youth has actually deteriorated.

d. One major outlet for non-college bound youth has been the military which has absorbed about one-third of these youths entering the labor force. However, better military pay—entry level pay for enlisted personnel was raised by some 27 percent during 1981 and 1982—and reduced availability of alternative employment attracted better qualified high school graduates displacing disadvantaged youth who desired to enroll in the armed forces. The Army Chief of Staff, General John A. Wickham, Jr., has claimed that "today's soldiers are at the top of the scale." The same New York Times (May 16, 1985) story commented: "The recruiting and retention of able men and women in the armed forces has been hailed as the single most notable achievement of the Reagan administration's four years of military build-up . . ." While we are, of course, delighted about the good fortunes of the military, we must also recognize that an important outlet for training and educating disadvantaged youth has been foreclosed.

e. One question that is frequently raised is: if the labor market conditions for youth are so bleak, why not experiment with new approaches? As I have already noted, there is nothing new about the administration's proposal. It is either based on ideology or driven by the mistaken notion that a lower minimum wage represents a promising approach.

f. The reason that I would not recommend the adoption of a subminimum wage is that it is likely to do more harm than good. If I may confess to earlier indiscretions, I did favor a dual minimum wage for youth and so testified before the counterpart subcommittee in the Senate. However, that was in the good old days when unemployment dropped below 5 percent and few adults who were capable of working experienced difficulty in securing at least a minimum wage job. With the loose labor markets that prevail today, there is a danger that employers who may want to take advantage of the lower minimum wage for teenagers would do so by displacing the older siblings or even the parents of the teenagers looking for work.

3. THE NEED IS TO CREATE JOBS AND PROVIDE OPPORTUNITIES FOR BASIC EDUCATION

a. The way to fight youth unemployment is not with proven failed experimentations, but by helping youth become more employable. High school graduates, minority as well as white, who have mastered the three Rs are experiencing less difficulty in the labor market than those who have not completed a high school education. Yet recent national reports have documented the fact that many youngsters leave school without having acquired a basic education which is essential for practically all jobs.

b. One way to reduce the job deficit is to create jobs for youth but that in itself is not enough. Teenagers must also be prepared to attain a nonsubsidized job in the labor market. This requires additional investments in education to help youth who have failed or been failed by the schools. A bipartisan bill pending before this committee calls for an education and training component for summer youth jobs. However, it is futile to hope that Congress will act this summer on the proposed bipartisan approach.

c. The reason is quite clear. The Congress is reluctant to further swell the federal budget deficit which is threatening to undermine economic growth and lead to a deep recession, or worse. Nevertheless, it would be unfortunate for Congress to focus only on the budget problem, grave as it is, and ignore other pressing needs. Failure to invest now in deficiently educated, and unskilled youth who cannot function effectively in the labor market will, in the long run, cost the nation more than the currently needed investment.

[The prepared statement of Hon. Pat Williams follows:]

PREPARED STATEMENT OF HON. PAT WILLIAMS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MONTANA

SUBMINIMUM WAGE AND YOUTH UNEMPLOYMENT

Republicans, Democrats, employers, labor, black groups, hispanic groups, teachers, parents and many others all agree that something must be done to stop the current shameful and serious unemployment problem facing our youth. When asked exactly what should be done, however, the clarity of that cry degenerates into two distinct and discordant voices: those singing the praises of a subminimum wage for youth,

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and those calling for comprehensive efforts to get jobs to our young people. While both approaches appear to be viable solutions to the youth unemployment problem, in fact, only one reflects an understanding of the complex socio-economic characteristics and causes of the problem.

Virtually all comprehensive studies of youth unemployment are in agreement on four observations on youth unemployment:

1. Minority youth, particularly blacks, suffer more from unemployment than white youth.
2. An identifiable group of youth account for most of youth unemployment.
3. High school dropouts are more likely to be unemployed than high school graduates; and,
4. The youth most likely to be unemployed are economically disadvantaged black high school dropouts.

Taken together, these observations suggest what must be included in an effective response to the problem. Because high school dropouts are more likely to be unemployed than high school graduates, it is clear that the lack of basic skills remains a serious impediment to success in the job market. Consequently, any youth employment proposal must attempt to keep potential dropouts in school and create an incentive for potential dropouts to return to school. Likewise, the fact that an identifiable group of youth, who are most likely to be economically disadvantaged black high school dropouts, suffer a disproportionately high rate of unemployment is also significant. It suggests that an effective youth employment proposal must be highly targeted at those individuals most in need of assistance. A youth employment proposal without these two key components is doomed to be an exercise in futility.

What has President Reagan done in response to this critical national problem? In 1981, he killed funding for youth employment programs, which research has shown, virtually eliminated the employment differential between black and white youth. More recently, the Reagan Administration introduced a proposal to provide a subminimum wage for youth at $2.50/hr. during the summer months. This response would cut teen wages by $.85 an hour, $6.80 per day, or approximately $34 each month. Sounds like more "trickle-down" to me. It is a curious notion, this attempt to assist young people by cutting their salaries.

The subminimum wage is not a new idea. It is an old idea that has been rejected time after time. Since 1969, the Congress has repeatedly reviewed subminimum wage proposals and rejected them because a subminimum wage ignores the real causes of youth unemployment, and because it has a negative effect upon both the nation's economy and our minimum wage workers.

Since 1969, there have been numerous studies on the youth subminimum wage. Then Secretary of Labor, George Shultz (the current Secretary of State) released a study in 1970. This study failed to establish any link between youth unemployment and the minimum wage, and concluded that "the most important factor explaining changes in teenage employment and unemployment has been general business conditions as measured by the adult unemployment rate."

The 1975 Fischer study concluded that "the trade-off of a youth differential of 15% would be giving up 500,000 adult jobs for teenage jobs equal to a few hundred thousand more than the adults displaced."

The Minimum Wage Study Commission established by Congress in the FLSA amendments of 1977 to investigate a broad range of minimum wage issues, reported in May of 1981, by a vote of 7-1, that, "The record does not justify the establishment of a youth differential." The Commission reached that conclusion for the following reasons:

The youth subminimum wage has "limited potential for reducing the unemployment rate among teenagers because teenage unemployment increases probably would be modest and a differential is likely to attract additional teenagers into the labor market."

There is "no evidence that areas with the highest unemployment rates would be the most likely beneficiaries of a youth subminimum."

"Adult employment would be reduced by a youth differential and, forced to choose between teenage and adult employment the latter seems a considerable higher priority."

The concept of the youth subminimum runs counter to the basic principle of equal pay for equal work without regard to race, sex, national origin or age. "If suggestions were made that the very real employment problems of women or members of minority groups would be 'solved' by paying them less for their labor, such a proposal would be rejected out of hand as fundamentally unjust. We can see no difference in principle between such proposals and those based on age."

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These studies are not alone in rejecting a youth subminimum wage. Last year, a study by the National Chamber Foundation (NCF)—a public policy research organization affiliated with the U.S. Chamber of Commerce—said that any gain in youth employment would "occur at the cost of an unknown number of lost job opportunities for adult men and women." The study further concluded that, "a teenage subminimum cannot be recommended on grounds of equity."

A 1983 GAO report prepared at the request of Senators Orrin Hatch (R-UT) and Don Nickles (R-OK) concluded that, "Available economic evidence and analysis neither support nor refute the recommendation against a youth subminimum wage."

Thus, every study to date fails to support the youth subminimum wage.

I oppose this proposal for several reasons. First, a decent minimum wage does not cause unemployment: a bad economy does. The unemployment rate for teenagers dropped between 1975 and 1981, despite an increase of 50 percent in the minimum wage. Since 1981, the minimum wage has not changed, but teen joblessness has skyrocketed.

Second, the most serious unemployment problem in this country involves adults: parents with family responsibilities and no jobs. The most likely result of a youth subminimum wage will be that employers will hire teenagers instead of adults, forcing the adults to turn to welfare and food stamps to feed their families.

Finally, a youth subminimum wage contradicts the principle of equal pay for equal work and sets a dangerous precedent of wage discrimination based on age. Who's next?

There is a good example that clearly demonstrates that a youth subminimum wage doesn't work. Last summer, the Congress provided a tax credit to employers who hired disadvantaged youth. Employers essentially had to pay these youth only $.50 an hour; the businesses deducted from their taxes any salary above that amount. Even with this incentive, businesses hired only two-tenths of one percent of the out-of-work young people. It is not a minimum wage, but the bad economy and lack of good job skills, which prevents teens from finding work.

The answer to teenage unemployment is not as simple as cutting wages; rather, the solutions lie in a thoughtful, comprehensive approach that improves the youngsters' education achievement, raises their confidence in themselves, and helps them find a good job at a decent wage.

Mr. MARTINEZ. I have one question of you. You spoke on it very briefly in one of your last statements about directing all of our attention to the budget deficit.

Since we are really concerned with the rate of unemployment among our youth, I am asking you as a finance person—if we did something about the trade deficit by changing some of our trade agreements with our trading partners, wouldn't we then increase employment among the adults and thereby increase employment among the younger people and thus decrease that huge budget deficit?

Mr. LEVITAN. Of course, Mr. Chairman, it depends upon what kind of adjustment you would make. Basically, of course, if you are going to reduce imports, obviously you are going to create jobs. But we would still be very far from anywhere near full employment.

In my short statement, I offered a confession, that about a dozen years ago, I favored the dual minimum wage because at that time there was going to be a young adult, if he or she wanted a job, could find a job. So at that time, it may have been some excuse for a dual minimum wage.

But right now, with a job deficit that exists now in the country, 7.3 unemployed, 8.4 million unemployed, the 5.6 million who are working half wages, who want a full job but cannot get a full job, it is another few million to the job deficit and the discouraged workers.

So we are talking about the job deficit of about 10 or 11 million in the country. So, therefore, the trade deficit itself will not help.

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I hate to repeat myself but I suggested that you cannot do it revenue neutral. I wouldn't lay it on the administration; Congress did it, too, of course. You emptied out the Treasury 4 years ago and now you are surprised that you can't afford it.

The time is to come back to sanity and to realize that as long—and I am not arguing whether we need 40 MX's or 100 MX's—but if we want to provide for certain expenditures, like still keeping on increasing expenditures and reducing at the same time the intake of the revenue, I would say that this is the wrong way to go.

So either you have to reduce outlays or you have to start to enhance, as we call it, the revenue that you are collecting. And you can't do it with revenue neutral or by any other—well, if you will forgive me, I will say gimicks or—I'll leave it with gimicks.

Mr. MARTINEZ. Thank you very much.

Mayor Washington, you, in your role as mayor there, I know have to deal all the time with priorities. Certainly, that is what we have to deal with here. In your past experience, you are probably as aware of that as anyone.

I think that Mr. Levitan touched on it a little bit, when you talk enhancing revenues and deferring spending that we are doing. And I hope he was suggesting that we defer some spending that we are doing in defense to direct that money toward these domestic programs that we need. I am not going to suggest that he said that, but I was hoping that he was inferring that.

But in your dealing with priorities in the city and being aware of the priorities that you had to deal with here, don't you feel that we are at a time here in Congress where you have got to start dealing with that real problem of job deficit, which is created by imports, which directly impacts on the number of jobs available for everyone, adults and young people alike? Would you respond to that statement?

Mr. WASHINGTON. I will have to subscribe to that with my limited grasp from the whole economic aspect. I would have to buy that.

But I don't think that is quite the total answer. I think this country to a great extent, to a certain extent can lift itself up by certain initiatives and by focusing on certain priorities and readjusting those priorities.

I say categorically, I think the defense budget is vulgar in its size. I have always, for a long time, been of the opinion that if we are going to stimulate job activity, we can do it through simple sectors.

One, I think the infrastructure thrust is one way to go. Here you have a burgeoning problem brought upon by the debilitation of many of your Midwestern and Northeastern cities, and some even in the Sun Belt, ir. structures going. It is not going to be put back together by the private sector.

The longer we wait, the more it is going to cost; it is in the tens of trillions dollars now, I understand from Mr. Levitan. Someone has got to address themselves to that question, not just by way of inventory, but by way of subsidization of that, shall we say, rehabilitation.

I would include in that the whole housing market. Here is an area in which I think you can put people to work meaningfully. You can cut back in terms of the national outlay of workmen's

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comp and other such things. You can enhance—if you talk about enhancing—you can enhance the flow of dollars into the Federal Treasury through income taxes.

In other words, it is just a perfect picture of trying to get this country on its feet by doing just a bit more than priming pump from dollars that can be taken from the, shall we say, bloated defense budget.

The ways are there; there is no question about it. But it takes initiative, it takes an open mind toward these problems.

Unless we do that, then these figures that I have just been talking about, dropout figures, which represent the future of these large cities and the future of this country, is going to be the thing of the day.

As Mr Levitan pointed out, there are very few jobs. But creating a subminimum wage, you are not going to create any more jobs. What are we going to do with these young people?

Hopefully jobs in the service area in cities like Chicago will increase. High tech, that esoteric area which everybody seems to want to lean on but which is not yet coming, which obviously will come, and the whole service area is going to develop. We have got to get these jobs. Who is going to get these jobs? Not the young boys and girls in the cities; they don't have the training to do it.

So I am getting around your question. I just incorporate that as a given, and go on and try to say, yes, we can deal with this problem. But we've got to have a commitment to it. Unless the Congress does that, these cities are going to be in a serious, serious problem.

I am just a bit stubborn—I have to repeat it, that never in my lifetime did I think I would see a President of these United States who would declare war against vested, proven, entrenched labor gained over the period of the last 50 years. I just didn't think I would see that.

By the same token, I didn't think I would see a President declare war on civil rights. Every President since Roosevelt has been incrementally and almost inexorably moving in the direction of strengthening this whole field of civil rights.

And here we have a President or an administration that in one fell swoop is striking out against civil rights, taking it back, and against labor gains, taking it back. And doing even worse in this sense, in my opinion, to a great extent—and I guess Mr. Lucy could deal with it further—is going to pit the young against the old in terms of those marginal jobs that we know don't exist in abundance.

Mr. MARTINEZ. Thank you very much, Mayor Washington.

Steve?

Mr. GUNDERSON. Thank you, Mr. Chairman.

Mayor, it is good to welcome you back. I had the privilege for a brief time of serving with you on this particular committee. But I have to ask you a question.

Charlie Hayes is a friend of mine, and you opened up your remarks by saying that your days in Congress were some of the better days of your life. Are you suggesting that you are going to run against Charlie Hayes for Congress?

Mr. WASHINGTON. No, I have done some foolhearty things. I wouldn't do that.

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Mr. GUNDERSON. All right.

Mr. WASHINGTON. I made a commitment back home, which is slowly and inexorably and overwhelmingly taking fruition, a commitment to be mayor at least 18 years, and I am going to have to keep that.

Mr. GUNDERSON. Eighteen more years. When you figure out the process by lengthening your term, share it with some of us. We would like to get that.

I would just like to make a request to each of you. You will notice that I am the only Republican here today on this particular committee, and I have to be honest that I was tempted during the presentations to walk out myself.

Gentlemen, whether any of us in this room like it or not, this is a Republic and this is a country that votes and elects the people they want to represent them both in the executive and legislative branches of Government.

And you know, I sat here from 1981 through 1984 during much of the same kind of discussions I heard today, and I guess at times I was convinced that everything this President was doing was wrong. Then we had an election in 1984; he carried 49 of the 50 States, Mr. Lucy, 49 of the 50 States. He can't be doing everything wrong.

Funny thing, you talk about defense, and you know what? Walter Mondale last year, he called for 3 percent real growth, when he was campaigning for President, in defense spending. I don't agree with that, and I think Congress is wise in not enacting 3 percent real growth.

But I don't know what we gain in helping youth unemployment when we come here as we have done today and all we do is bash Reagan. It might make us feel good, but really, what do we gain by it?

What do we gain by many of the statements made this morning? Mr. Lucy, in your testimony, you refer to the administration's replacement for CETA, the Job Training Partnership Act—you know what? Last time I checked that was a bipartisan bill that Mr. Jeffords and Mr. Hawkins worked out.

First of all, No. one, we had hearings in this subcommittee a couple weeks ago where everybody who came in said, "Give us a chance to make it work. It's new. We don't want major changes in it."

Now, to come here today and to blame that all on the administration, I don't think is right.

You take a look at all the proposed cuts that you mentioned on page 2, in everything from HHS to Education, et cetera, and probably we are not spending at the rate we did in 1980, but you know what? I don't know anybody in this country who suggests we ought to continue that.

I would suggest you look last year not at what the President proposed, but understand he is dealing with the Congress. You are in labor; you understand negotiations. Look what the President signed into law in education spending, a $2 billion increase last year alone.

And making statements like there are more poor families in 1983 than there were at the end of the 1974-75 recession, now you know

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census data. There were more families in 1983 than there were in 1974.

We can all play with statistics, but that doesn't do one thing to get at the problem we are all talking about here, and that is, how do we help youth unemployment?

The Williams proposal, that is the purpose of this hearing today, doesn't call for any new money, recognizing that we have to find ways to deal with our present funding levels, our present budget deficit, our present high interest rates, and still find ways above and beyond that to come up with some creative solutions. And I've got to tell you something, I don't know what they are.

I am a generalist. I am not an authority on youth unemployment. But I've got a conscience, and I am concerned.

I would hope that we would use these hearings not to play the old political rhetoric. Nothing is going to be gained if we all walk out of here today and you are mad at the Republicans and the President, and the Republicans are mad at you for what you said.

We have got to sit down and find out how we can, within the environment in which we are dealing, which none of us asked for but it is in front of us, go from there to solve a very, very serious problem.

Charlie Hayes has invited me to Chicago, Mayor, and I told him that sometime I want to come and I want to come into his district, because I think that there is a need for this country to never abandon its cities.

But I don't think that the only answer is simply spending a lot more money. We have got to be better than that. The public is asking from us, its elected officials, to do more than that.

I guess this is a lecture more than a question, but I hope you will take those thoughts seriously in the future because I think it is the only way we are going to get anything done.

Thank you.

Mr. MARTINEZ. Thank you, Mr. Gunderson.

Would you care to respond?

Mr. LUCY. I would, and let me preface my comments by saying I didn't know Mr. Gunderson was a Republican until he said so.

Mr. GUNDERSON. Don't tell my district that.

Mr. LUCY. Let me also suggest to Mr. Gunderson that our testimony has been consistent irrespective of what administration occupies the White House, be it Democrat or Republican. I think this administration, this President, takes credit for whatever it has brought, good or bad.

What I am suggesting to you is that the numbers speak for themselves. And I agree, numbers and data and statistics can be manipulated to prove a point.

But the fact of the matter is, black youth unemployment is continuing to rise in spite of the magnificent efforts put forth by this administration. Black unemployment continues to rise in spite of the effort. More families are sliding into poverty despite its efforts.

It is, I think, an accepted fact that the budget cuts, particularly the domestic program cuts, have injured more families, irrespective of black or white, who fell below that poverty line or who qualified for some of those programs before.

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I certainly would not be one to argue that the overwhelming number of American families ought to be on some sort of public assistance. I have to assume that the public assistance rolls are made up of those people who are unfortunate enough by and large to not be able to take advantage of whatever opportunities are out there.

What I am saying, that it is at least apparent to some people that this administration has established some priorities and those priorities don't include them.

As was pointed out by Mayor Washington and Mr. Levitan, the focus upon defense spending in contrast to domestic spending creates a good deal of the discomfort that we feel in the economy.

And if we are, in fact, in the midst of this incredible recovery, it is a very well-kept secret and apparently only exposed to the lucky few who happen to be employed. It is not well known to at least a substantial number of farmers; the elderly seem to be concerned about how they are going to fare; teenagers of all stripes are concerned as to how they will fare. And in the urban communities, where at least we try to provide a measure of services, as the mayor pointed out, their cities are strapped for resources to provide just an acceptable level of service.

You are now finding services that at one time contributed to the quality of life in the urban community, now must be paid for, or is out of existence, which means that in those areas that are economically strong and politically powerful, those are the areas that will get the services.

So I am not dumping on Mr. Reagan or dumping on the Republicans. My dumping is sort of an equal opportunity dumping.

What has happened is that the political winds that blow across this country has created two Americas, one for the very well-to-do and one for the rest of us. And I am suggesting that we ought to, through your congressional responsibility, focus some of the attention on the rest of us.

And irrespective of the recoveries, there are certain groups of individuals within this society who have never been a part of the recovery and certainly have never put upon as they are being put upon now.

Mr. MARTINEZ. Thank you, Mr. Gunderson and Mr. Lucy.

We are going to go a little out of sequence here because I understand that Mr. Hayes has another meeting to attend.

Mr. Hayes, would you like to go next?

Mr. HAYES. Yes. Thank you, Mr. Chairman.

My colleague and chairman of the full committee, Congressman Hawkins, has on the floor at this moment debate on his bill on the Full Employment and Balanced Growth Act, without inflation, on which I have agreed to give some testimony.

I do want to thank each member of the panel for having fitted us into their busy schedules, particularly the mayor of the city of Chicago, who I have often categorized as being as busy as a one-armed paper hanger with an itch.

I want to say to my colleague—is he gone? Oh, my goodness, he escaped. Mr. Gunderson, I have invited him to come to Chicago. I would like to have him come. He is from a neighboring State, which is largely agricultural. And I want to take him to the South-

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side so he can visit my neighborhood and talk to some of the people who are unemployed so he will understand.

But I happen to feel that—and we have had some expressions of this in some of the oversight committee hearings we have been having here, and around the countryside—by design, this administration has determined who the expendables in this society are. We can't let it happen.

Some of their programs, or lack of programs, are designed to keep the poor and unemployed unemployed 20 years from today.

I think, Mr. Mayor, that a city like Chicago certainly is in deep, deep trouble unless the Federal Government begins to take a more active part to help create jobs, not just makeshift jobs. But building the infrastructure of the city of Chicago and every major city of this country is an important function of Government, I think.

You're right, cities can't do it alone, if you suck all the revenues out of the city and don't send it back. And I just think that the poor and disadvantaged, the dropouts, as you mentioned, aren't going to have a niche in this society of ours unless we do something about it now.

I want to ask you one question, Mr. Mayor. Won't putting thousands of young people to work, even at the subminimum wage, help alleviate the gang problems which you have in Chicago?

You know, one of the images of Chicago is that it is reeking with crime, gangs rule the city, and this kind of stuff. Hence, even some people have said even the advent of the World's Fair into the city of Chicago—it is a possibility—is not really going to help Chicago because we will have to depend on international people coming in and they are scared to come into Chicago because of the gangs and the crime. I have heard this.

Will subminimum wage alleviate this problem? You say you've got 200,000 youths unemployed?

Mr. WASHINGTON. That question when posed pejoratively or when posed as a proposition takes on a lot of credence. I understand the President of the United States in the Rose Garden said something similar to that as a positive statement some time ago.

The problem is it begs the question, it has not been demonstrated. And I think Mr. Levitan's testimony and Mr. Lucy's testimony buttress the proposition that there is no evidence available that would demonstrate that by having a subminimum wage you would substantially or even measurably increase the number of jobs.

As a matter of fact, the evidence points the other way in terms of targeted pilot programs and existing Federal programs now in existence.

I would have to say to you that if I thought that seriously, I would be the last person to fight subminimum wages, because I think in the long run it might well be best to have peace and tranquility with a little, shall we say, marginal serfdom rather than total extermination. I don't believe that.

And putting those figures about is not going to resolve it. I have heard 640,000–740,000 jobs out there that would be available if you had a subminimum wage.

I had a debate with Orrin Hatch back in 1981. He was saying the same thing, and we have had a 5- or 6-year interval and nothing has seemed to happen with the pilot programs.

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I would have to answer the question no. We are going to have to face up to the basic proposition, which is simply that in order to get long-term employment for young people they have to have training.

And talking about giving them a subminimum wage without concomitant training is kidding ourselves. Even if the proposition is true, it doesn't take care of today and tomorrow and the next day.

And tomorrow and the next day, what are you going to do with young individuals who are locked into a subminimum wage or minimum wage level? They are going to be the same flotsom and jetsam they are today with no jobs.

The empirical evidence is not there, Congressman.

Mr. HAYES. Where are those jobs that are laying there waiting?

Mr. MARTINEZ. Excuse me, Charlie. Your time has expired.

Mr. HAYES. I'm sorry.

Mr. MARTINEZ. We've got to get on with this.

Mr. Williams.

Mr. WILLIAMS. Thank you, Mr. Chairman.

Gentlemen, I appreciate your good testimony. Harold, it is nice to see you back again on this committee.

Following up briefly on Mr. Gunderson's remarks, it is one of the anomalies of American political history that the Presidents who receive the greatest landslides do not necessarily, apparently, receive those for their accomplishments because they haven't done well in history.

If my memory is correct, the greatest landslides belong to Cal Coolidge, Herbert Hoover, Richard Nixon, Lyndon Johnson, Ronald Reagan, and—the one exception, perhaps—Franklin Roosevelt. So we can't yet tell. As Jack Kennedy once said about a new nephew, "He looks good, but we'll know more later."

Mr. Levitan, you mentioned, following Mr. Lucy's remark, you mentioned in agreeing with it that it would be hard to oppose an experiment in subminimum wage for youth. What kind of an experiment, what sort of a model, if any, could you support?

And then, Mr. Lucy, I would like for you to answer that question, too.

Mr. LEVITAN. Mr. Williams, may I just add one point to Mr. Hayes' question? And that is, one of the dangers—and that goes in connection with the experiment—that I see in having subminimum wage now with high unemployment with adults is that if you do create a job for a youngster, for a youth 16 to 19 years old, then his or her older sibling or possibly even the parent will lose the job, because if an employer would want to take advantage of the lower wage, then that might happen.

But as far as another type of experiment, I would be perfectly willing to see, for example—and there I am afraid I am going to lose Mr. Lucy and my other union friends—that starting with 15- and 16-year-olds, many of them aren't working now. They do the same as we do with apprenticeships. They start at less than the minimum wage, but that would go only on the condition, I would say, Mr. Williams, that it goes also with your bill, or something like it.

In other words, that we have at the same time some provision for those who need basic education, basic competency, whatever you

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want to call it, the three R's. Then I would say, I would be willing to experiment on that.

Mr. WILLIAMS. Let me ask if that experiment would have to be nationwide among that age group. Or, if the model was limited to the city which Harold represents, or perhaps Detroit or a couple of other larger cities, would that be a large enough model?

Mr. LEVITAN. I think it can be tried on a local basis. No reason why it has to be on a national basis.

So, since Mayor Washington is here, I would say that in his city, that would be a great place to start with. If some other good mayor would be sitting next to me, I would possibly suggest another city.

Mr. WILLIAMS. Mr. Lucy.

Mr. LUCY. Mr. Chairman, I think in these kinds of discussions we lose focus on the original rationale for minimum wage to start with. It wasn't to make workers more acceptable to the employers, and certainly not to make certain groupings of workers acceptable.

Let's keep in perspective the problem. Agreed, there is a problem in teenage unemployment, but that problem is not nearly as difficult as it is for a certain group of teenagers.

Let me just back into that. Black teenagers are victims of what I choose to call the three P's: profits, preference and prejudice. Employers simply do not approach black teenaged potential workers in the same way. If you have two with equal educational capability, the chances are that a while teenager will get chosen first.

Beyond that, the job market is not such even if employers were willing to try it, they would take it. I am not convinced that an experiment to see whether or not you can dress someone up by making them a less costly worker is a fair thing to psychologically do to young people.

And I am not concerned with the employers and the limited cost to them. If they wanted to do something contributing to this Nation, let them work for full minimum wage and then let the Government, at some level or some process, make up the differential. And let the workers earn what all other workers earn who do a function. And let me suggest that the kinds of jobs that are being talked about are not jobs that don't produce a value to an employer.

I am frightened to death of any experiments because experiments tend to become rather permanent in nature.

I believe the subminimum wage thrust is a continued effort by this administration to deregulate industry in this country. And if subminimum wage is acceptable for the younger people now, what is to make its experimentation in 2, 5, 8 years from now not a little bit more useful as you look at workers who have substantial differentiations in schooling, academic achievements and what have you?

I would not be able to at this point support any experiment that talked about differentials in wage levels set into law.

Mr. MARTINEZ. Thank you.

The time of the gentleman has expired.

At this time, I would like to thank the panel for appearing, especially you, Mayor Washington—oh, I'm sorry, I forgot about you. Don't go anywhere yet.

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Mr. OWENS. Yes, gentlemen, I want to say, contrary to my colleague on the other side, I want to congratulate you on some very restrained testimony. Maybe I don't want to congratulate you, because basically my question is, given the fact that unemployment in this country is concentrated in certain areas, we are talking about a devastating kind of thing. At a time of prosperity, we have—and I think, Mr. Levitan, your figure of about 11 or 12 million is conservative, about 11 or 12 million people who are unemployed. That is bad enough.

But those 11 or 12 are concentrated in certain areas. They are concentrated in the big cities. They are concentrated in congressional districts; about 100 congressional districts have unemployment above the official average, and about 60 congressional districts which are predominantly poor. Those 60 that Jesse Jackson won, they have unemployment above 10 percent.

At a time of prosperity, if we go into a recession or something worse, that unemployment is not going to increase slowly. You are going to have an explosive increase in unemployment; it may double.

We are talking about a situation of triage where there seems to be an official economic policy which accepts the fact that certain groups—we are not just talking about individuals—certain groups that happen to be the victims of this unemployment can be dumped overboard.

There are no proposals for doing anything about it now. If it gets worse, there will be no proposals. So what happens to those communities?

Mr. Mayor, you have your former district and my colleague's district. I think this is the poorest congressional district in the country. My district is 1 of the 10 poorest. In New York City we have 4 of the 10 poorest congressional districts in the country. That is where the unemployment is concentrated.

Do we not do a great disservice by being as reasonable as we are in testimony on occasions like this, framing discussions in very reasonable arguments? What we are talking about is perhaps a need to challenge a Government policy which is a policy of triage, a Government policy which is basically inhumane, a Government policy which may be going toward economic apartheid because of the fact that Presidents can get reelected with landslides. This could be very popular. You could have a situation where two-thirds of the Nation is quite prosperous and well off, as it is in South Africa—in that case, South Africa, you have a small minority. But you could certainly in this case have a majority, and a minority is just dumped overboard economically.

You can see this administration feels there is a need to come along with some regressive measures in terms of civil rights because, if you are going to have to oppress on one hand, you are going to have to pay suit to that. Affirmative action, which challenges unemployment, becomes a problem.

The basic question is, are we not doing a disservice to frame the situation in such reasonable terms when what we are talking about is a disaster? For those areas that are being impacted, we are talking about a disaster. It happens to be blacks and Hispanics in the

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big cities who are the first victims that are being thrown overboard.

Mr. WASHINGTON. I think the language coming from this panel has been very temperate. If I thought it would assist matters by raising the heat level of the rhetoric, I would support it. But I don't think it will, as long as what you are saying is clear, and I think what we are saying is clear.

I think that Mr. Gunderson on due reflection would have to admit that this is not a full court press against Ronald Reagan or the administration but against a concept which has lingered too long, against an idea which simply won't fit into the modern 20th century way of thinking. So, I don't see any point in raising the heat level but raising, or expanding the level.

I think you see sitting here academia at it best, labor at its best, politics at its penultimate best——

Mr. OWENS. At its best——

Mr. WASHINGTON [continuing]. All saying the same thing, and that is that the administration is wrong and they just have to take a hard look at it.

But, no, Brother Owens, I don't think the language needs to be more heated but perhaps just more concentrated. Thank you very much.

Mr. MARTINEZ. The time of the gentleman has expired.

Again I wish to thank you, Mayor Washington. It is nice to see you again.

I want to express to the audience that I sat next to this man for the first 6 months I was in Congress, and I knew you were going to be the mayor.

Mr. WASHINGTON. Thank you.

Mr. MARTINEZ. Thank you, Mr. Lucy and Mr. Levitan.

Our next panel consists of Lori Strumpf, assistant director, National Association of Private Industry Council; Thomas Smith, Public/Private Ventures; and Mr. Frank Miller, chairman of the Board of Commissioners of Kane County, IL.

Mr. Frank Miller is pressed for time. I understand you have to catch an airplane. We will take your testimony first. What is your time constraint? What time do you have to leave here?

Mr. MILLER. I should leave here about 1 o'clock.

Mr. MARTINEZ. All right. If it appears that the panel is taking too long, we might then go to questions to you right away.

STATEMENTS OF FRANK MILLER, CHAIRMAN OF THE BOARD OF COMMISSIONERS, KANE COUNTY, AURORA, IL; LORI STRUMPF, ASSISTANT DIRECTOR, NATIONAL ASSOCIATION OF PRIVATE INDUSTRY COUNCILS, WASHINGTON, DC; AND THOMAS J. SMITH, DIRECTOR, SUMMER TRAINING AND EDUCATION PROGRAM, PUBLIC/PRIVATE VENTURES

Mr. MILLER. Mr. Chairman and members of the subcommittee, I am Frank Miller, chairman of the Kane County, IL, Board of County Commissioners. I am chairman of the employment steering committee of the National Association of Counties.

In the interest of time, I will summarize our testimony but ask the full text be printed in the record, as you have suggested.

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In reviewing H.R. 1090 and H.R. 1722, we are convinced that the intention of both bills is to strengthen the linkage between basic training and work experience for economically disadvantaged youth. We support this concept, but we have a few concerns about some of the provisions of both bills.

On H.R. 1090, first, we support wholeheartedly the provision in H.R. 1090 that would hold local funding harmless at 90 percent of the previous year's funding level. This amendment is desperately needed to ensure consistent funding of local programs. The current distribution formula allocates two-thirds of the summer youth funds to local areas based on their employment rate, although the program is intended to serve economically disadvantaged youths.

Only one-third of the funds go to local areas based on the number of economically disadvantaged youths in that area. The problem with this formula is that local funding is mostly influenced by its relative share of the State's unemployment rate and not by the relative share of the State's eligible economically disadvantaged population.

As local unemployment changes, it could cause drastic fluctuations in local funding. For example, in my area summer youth funds would be cut by $437,533. This is 37.4 percent of this year's funds if they were allocated strictly by formula. Fortunately, Congress recognized this problem and approved a supplemental appropriation which assures us the same level of funds as last year.

The formula distribution problem is also inherent in Title II-A Basic Training Program, and we urge members of the subcommittee to make the 90-percent hold-harmless provision applicable to title II-A. In a recent NACO study of title II-A funding, we discovered that over half of the 577 service delivery areas included in the area stand to lose funds in program year 1985. Some areas will receive cuts of 20 percent or more. A few will be cut by 40 percent or more. And one will be cut by 73 percent. Mr. Chairman, we would be happy to share a copy of our study results with members of this subcommittee if you would like.

Mr. MARTINEZ. Would you leave those with the subcommittee, and we will make sure they are entered into the record.

Mr. MILLER. On the mandatory basic remedial training provision in H.R. 1090, we believe remedial training should be strongly encouraged for participants who need it but not mandated for all participants.

We strongly oppose the requirement in H.R. 1090 which requires the PIC's to come up with matching funds to support the training component. Members of the PIC's already donate free of charge a tremendous amount of time and resources to the JTPA Program. To saddle them with additional responsibility, we think, would be a grave error, one which would discourage their participation in the program. We urge members of the subcommittee to consider dropping that provision.

On House Resolution 1722, we support the idea of using incentive grants to encourage State and local agencies to provide basic and remedial training to economically disadvantaged youth. However, we oppose the $100 million in new Federal spending as proposed in H.R. 1722. This would add to the Federal deficit which is predicted to exceed an unprecedented $200 billion next year. NACO supports

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an across the board budget freeze in federally funded programs for 1986 except in means tested entitlement programs for the poor, sick, and the low income elderly.

We oppose the idea of splitting the responsibility for summer youth participants between local education agencies and JTPA administrative entities. In our view, this would create an enormous amount of problems: tracking participants, coordinating training and work experience, and transporting participants between the training site and the work site ourselves.

It would be much more practical and cost effective to award grants directly to the JTPA administrative entity. This would centralize resources for economically disadvantage youth in one agency. The administrative entity would then be able to avoid duplication and waste and better coordinate participants' training with work experience activities.

Mr. Chairman, thank you for the opportunity to testify on these two proposals. At this time or later, I would be happy to answer any questions that you or other members might have.

[The prepared statement of Hon. Frank Miller follows:]

PREPARED STATEMENT OF HON. FRANK MILLER, CHAIRMAN, BOARD OF COMMISSIONERS, KANE COUNTY, IL, ON BEHALF OF THE NATIONAL ASSOCIATION OF COUNTIES

Mr. Chairman and members of the subcommittee, I am Frank Miller, Chairman of the Kane County, Illinois Board of County Commissioners, and chairman of the Employment Steering Committee of the National Association of Counties. [1] I am pleased to be here today to offer our support for strengthening the linkage between remedial training and work experience for economically disadvantaged youth. However, we have several concerns about the way training would be provided in both H.R. 1090 (The Summer Youth Employment, Training, and Education Act of 1985) and H.R. 1722 (The Summer Youth Education Enhancement Act).

Before I comment on these two proposals, I would like to commend the chairman for initiating these hearings and focusing national attention on one of the most serious problems facing our Nation and localities. Persistent high levels of youth unemployment, particularly among economically disadvantaged minorities, has made it difficult for many young people to understand the value of acquiring good basic training skills. This is reflected in a recent report released by the Roosevelt Centennial Youth Project which states that ". . . nearly 5 million 16–24 year olds have not completed high school and are not enrolled in school."

Although the employment situation improved for most groups during the economic recovery experienced over the last two years, youth unemployment remains disproportionately high. This trend will continue unless we find better ways of encouraging our youth to obtain good basic training.

Mr. Chairman, we are convinced that the lack of basic training skills is one of the chief causes of high unemployment among economically disadvantaged youth. Without basic training, they may never have an opportunity to become gainfully employed. We encourage members of the subcommittee to move quickly to adopt legislation that would use incentives to strengthen the linkage between basic training and work experience for the economically disadvantaged, and insure adequate and consistent funding at the local level.

The primary aim of the two bills being considered today is to make basic and remedial training available to economically disadvantaged participants in the summer youth jobs program. In H.R. 1090, the Job Training Partnership Act (JTPA) would be amended to require that all summer youth participants spend a portion of their time in basic and remedial training. The bill would amend the summer youth distri-

[1] NACO is the only national organization representing county government in America. Its membership includes urban, suburban and rural counties joined together for the common purpose of strengthening county government to meet the needs of all Americans. By virtue of a county's membership, all its elected and appointed officials become participants in an organization dedicated to the following goals: improving county government; acting as a liaison between the nation's counties and other levels of government; and achieving the public understanding of the role of counties in the Federal system.

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bution formula to insure local areas at least 90 percent of their prior year's funds on a year to year basis. It also requires private industry councils to make available matching funds, from non Federal sources, to support the training of summer youth participants.

In H.R. 1722, $100 million would be authorized for the next three years to fund basic and remedial training activities through educational agencies. Local educational agencies would be required to enter into an agreement with the JTPA administrative entity to provide remedial training to summer youth participants.

H.R. 1090—REGARDING NINETY PERCENT HOLD-HARMLESS FUNDING

We support whole-heartedly the provision in H.R. 1090 that would hold summer youth funding harmless at 90 percent of the previous year's funding level. This amendment is desperately needed to insure consistent funding of local programs. The current formula allocates two-thirds of the funds to local areas based on their unemployment rate. Only one-third of the funds go to local areas based on the number of economically disadvantaged people in their area, although participants (with limited exceptions) are required to be economically disadvantaged.

Shifting unemployment at the local level can cause substantial cuts in local funds from one year to the next. For example in my area, summer youth funds would be cut by $437,533 (37.4%) this year if funds were allocated strictly by formula. Fortunately Congress recognized this problem and approved supplemental appropriations for the summer of 1984 and 1985 to hold local funding constant.

The formula distribution problem is also inherent in the title II-A basic training program and we encourage the subcommittee to make the 90 percent hold-harmless provision applicable to title II-A. In a recent NACO study which compared title II-A 1984 allocations with 1985 planning estimates, we discovered that over half (53%) of 577 service delivery areas stand to lose funds in program year 1985. Although the basic training program is funded nationally at the same level as last year, shifts in local unemployment will cause many areas to suffer a cut in funds.

Of the 577 service delivery areas included in the study, 141 or 24.4 percent of the service delivery areas will suffer at least a 10 percent cut in program year 1985, and 56 or 9.7 percent will suffer cuts of 20 percent or more. Twenty-eight of the 56 will be cut by 30 percent or more, 11 will suffer cuts in excess of 40 percent, 5 will be cut over 50 percent, 3 will be cut over 60 percent, and 1 will be cut by 73 percent. Cuts of this magnitude will undoubtedly cause a severe disruption in services, and damage the credibility of many local programs. Some level of consistent funding is essential for insuring the success of local programs.

REGARDING MANDATORY BASIC AND REMEDIAL TRAINING

NACO recognizes the urgent need to provide basic and remedial training to participants in need of such training. However, we oppose mandatory basic and remedial training for all summer youth participants as required by H.R. 1090. All economically disadvantaged participants are not in need of such training. Remedial training should be made available to participants who need it, but it should not be a requirement for all participants.

It would be a costly error to require all service delivery areas to use their funds to provide remedial training to all summer youth participants. In some areas, other funding sources are available for such training. Service delivery areas must retain the flexibility to avoid duplication and waste, and to design their programs to meet the diverse needs of their participants.

Remedial training should be strongly encouraged for participants who need it, but not mandated for all. An alternative would be to require service delivery areas, to include in their plans a strategy for providing remedial training to those in need.

PIC MATCHING REQUIREMENT

We strongly oppose the provision in H.R. 1090 which requires the private industry council to come up with matching funds to support the training component. Members of the private industry councils already donate, free of charge, a tremendous amount of time and resources to the JTPA program. In many areas these members have been very instrumental in getting the private sector to hire thousands of youth participants for the summer months using their own funds. To saddle them with the added responsibility of raising funds would be a grave error, one which could discourage their active participation in the program.

The role of the PIC is vital to the success of JTPA. Their active participation has helped JTPA get off to a good start. Program performance for the first nine months

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of operation was much better than expected. Placement rates for youths and adults were significantly higher than the federal standards required. This would not have been possible without the PIC's valuable input.

We are fearful that the matching requirement would have a negative impact on the PIC's involvement, and consequently, the placement rates. The amount of the match is so miniscule (between $20,000 and $100,000) that it probably would be more burdensome to track and administer than it would be worth. We urge members of the subcommittee to drop this provision from the bill.

H.R. 1722

We support the idea of using incentive grants to encourage state and local agencies to provide basic and remedial training to economically disadvantaged youth. However, we oppose the $100 million in new federal spending as proposed in H.R. 1722. This would add to the federal deficit which is predicted to exceed an unprecedented $200 billion next year. NACO supports an across-the-board budget freeze in federally funded programs for 1986 except in means tested entitlement programs for the poor, sick and low income elderly.

If incentive grants were available, we would oppose awarding grants directly to local educational agencies to provide remedial training to summer youth participants. Splitting the responsibility for summer youth participants between two independent agencies, in our opinion, would create an administrative nightmare.

In service delivery areas where there are more than one local educational agency, the JTPA administrative entity would need to coordinate the provision of services with several agencies. This would create an enormous amount of problems: tracking participants, coordinating training and work experience, and transporting participants between the two sites. It would certainly be more costly to administer since funds would be disbursed among several agencies, each having its own overhead costs.

In our view, it would be much more practical and cost effective to award grants directly to the JTPA administrative entity. This would centralize resources for economically disadvantaged youths in one agency. The administrative entity would then be able to avoid duplication and waste, and better coordinate participants' training with work experience activities.

Mr. Chairman, thank you for the opportunity to testify on these two proposals. At this time, I would be happy to answer any questions you or other members of the subcommittee may have.

Mr. MARTINEZ. Thank you, Mr. Miller.

We seem to have enough time to get to the other members of the panel and then come back to you. I am sure Mr. Williams will have some questions of you.

Ms. Strumpf.

Ms. STRUMPF. Thank you, Mr. Chairman and members of the subcommittee.

I am Lori Strumpf, assistant director of the National Association of Private Industry Councils. NAPIC is the only national membership organization serving local Private Industry Councils. Our membership currently stands at 200 PIC's. I am also the chair of the legislative and policy task force of the National Youth Employment Coalition. The National Youth Employment Coalition serves as a forum and information exchange arena for 32 organizations concerned with the problems of youth education, employment, and training.

I am pleased to appear before you today to discuss youth education and employment, including the proposals to add an educational component to the Job Training Partnership Act's Summer Program.

I will summarize my written statement.

Before turning to my formal comments, I wish to make note of two facts. First, while I am appearing on behalf of NAPIC, the association is actively reviewing the matters before the subcommittee

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today and has not adopted formal recommendations at this time. Therefore, I am presenting my observations on the status of JTPA youth programs since their inception 19 months ago. These observations are from the vantage point of having provided onsite technical assistance to over 100 PIC's and service delivery areas, having conducted eight 2-day seminars on youth programs attended by over 400 professional staff, managing a six-site PIC youth employment competency demonstration program, and numerous other contacts with PIC business members, staff and educators committed to finding solutions to one of our Nation's most vexing problems.

Second, if the typical PIC member were here today, I am sure he or she would suggest that the first priority with respect to JTPA should be to insure the stability and the adequacy of funding for the basic PIC programs established in title II of JTPA.

Mr. Chairman, I think it is fair to say that the PIC's formed under JTPA approached the youth requirements of the new legislation with both skepticism and apprehension. The reasons for this reaction are varied and complex. A few observations, however, may be instructive in understanding their reaction.

Business members in local communities were attracted to serving on private industry councils primarily to have an impact on training for jobs. PIC business members saw the PIC as an opportunity to influence the types and quality of training provided to prepare a segment of the labor force for productive employment. Therefore, PIC members viewed their primary role under JTPA as that of providing the best possible job training and placement services. With this initial mindset, several possible barriers to youth programming arose. Basic education, while undeniably important, was seen as the responsibility of the local education system, not of JTPA.

The perceived emphasis on placement through the JTPA performance standard system contributes significantly to this mindset. The placement message being sent to the system was reenforced by the lack of a reporting element for the attainment of youth employment competencies. Private industry councils were being told on the one hand that other positive outcomes for youth were viable and yet no concrete signal has been sent.

Among the issues before the subcommittee is the role of JTPA in meeting the basic skill needs of economically disadvantaged youth. It is an issue that is increasingly receiving the attention of PIC's, elected officials and State and local JTPA professionals.

While few JTPA resources are spent on remediation, employers also recognize that functional basic education skills are one of the primary factors that they look for in entry level employees. Several recent studies have explored the problem of youth unemployment from the employer's point of view. When asked what they look for in young hirees, employers agree upon a few basic qualifications: basic verbal, writing and math skills; work maturity skills; an awareness of the world of work; specific skills; and positive work related attitudes. These qualifications form the basic competencies essential for employability.

As I have discussed in detail in my written statement, there has been an evolution in PIC thinking. This has been demonstrated through the increased development of youth employment compe-

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tencies and the increased use of the exemplary youth employment program models in section 205 of the act.

Another positive development, in my judgment, has been the evolution of PIC member concerns over the past several months. Nineteen months ago, the conversation of PIC members with their peers usually involved the intricacies of developing the PIC-LEO agreement. During the first year of JTPA, discussions of the roles and responsibilities of each partner continued to dominate the conversation. Recently, however, at a national conference sponsored by NAPIC and other organizations, a PIC discussion group attended by some 70 PIC business members from across the country pointed up new issues. PIC-LEO relationships have been largely worked out, according to the group. Participants began to articulate a new relationship that was causing tension within the system, that being that between the PIC and local education institutions.

It appears that, as PIC's focus on programs, they must determine how best to work with local education institutions. We believe that this tension is a creative one that will lead PIC's to investigate relationships between JTPA and public education.

I would like to now turn to the question of how public policy can create an incentive for PIC's to provide this kind of training. How can this subcommittee build on the existing collaborative efforts developing between PIC's and education, build on the experience of PIC's, build on employer expectations, and build on the changing perception of the system as not being solely driven by placements.

I would like to stress that the number of summer remediation programs that are already operating is impressive. There is an opportunity to provide a remedial component in the existing summer program, and many program planners are taking advantage of the opportunity. Much of the credit for encouraging these programs can be attributed to the Ford Foundation and Public/Private Ventures, whom you will be hearing from in a minute. But independent efforts exist as well.

Since a number of efforts are already under way, it is extremely timely for Congress to examine the direction public policy should take in this area. It is my judgment that we must carefully consider the Federal role in this respect with particular attention to the design of appropriate incentives to build upon existing efforts and to expand the entire remediation thrust.

A proposal to enhance the summer program by adding a remediation component must be viewed within the context of the year round program. Services to youth through the employment and training system should be viewed as a 12-month continuum. With this perspective, one can see that services offered in the summer are correctly driven by services offered during the nonsummer months. The flexibility must be maintained to develop local programs that take into account not only what services are needed but how those services delivered in the summer augment and expand the basic title II-A program.

While there is increasing recognition of the potential benefits to combining remedial education with summer youth employment, the question of whether to accomplish this end through legislative mandates or through a system of incentives must be considered. We would recommend the latter approach. Such an incentive-based

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approach encourages both local innovation and ownership. Therefore, it is likely to have a greater long-term effect on the way summer jobs programs are operated and on the role of basic skills development in youth programming.

Equally important, a summer effort characterized by local community support stands a good chance of leveraging other Federal, State, local, and private dollars for remediation purposes. Along these lines, we suspect that an incentive system could provide funds proportional to the number of youth who have remedial education needs and who are slated for inclusion in a community's summer program.

An incentive-based system could be structured to encourage service delivery areas and their school districts to identify the needs of the eligible youth population and to set up remediation efforts commensurate with those needs. A legislatively mandated system would likely provide a fixed amount of remedial education resources irrespective of the needs of the young people being served or the existing commitment of community leaders to the remediation approach.

Further, a summer enrichment program such as the proposals before you ought to encourage collaboration between the JTPA system and public education. PIC's recognize the importance of collaboration when they observe that improved basic academic and functional competencies depend in the main on strengthening public education. In addition, while new allocations could be effectively utilized and might receive broad support, we must recognize that in a time of tight fiscal resources at all levels, more efficient uses of existing resources may be the best hope of improving education and training for all youth.

In short, collaboration between PIC's, elected officials and school administrators could pay dividends not only during the summer but on a year round basis. Nonetheless, improving coordination in this regard has been a slow and difficult process. We suggest that a possible means of moving this process forward is to establish a joint planning process between PIC's, elected officials and local education agencies similar to others contained in JTPA.

The Congress ought to examine how the use of the JTPA 8 percent funds and chapter II education funds might enhance this process.

While joint planning is critical, PIC's and local elected officials must have a primary decision making role.

While the need for goals and objectives of a summer remediation effort may be clear, it is important that we examine program issues as well.

Knowing that one should provide remediation activities and knowing how to provide the service are very different things. It seems to me that, once a PIC chooses to offer this component, several questions will begin to surface around how to design and implement such a program. Those questions are outlined in my testimony.

This is not to suggest that any particular piece of legislation become programmatically restrictive by identifying program clients, service mix, or other elements. Different program designs are

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developed to meet local program and client needs. This local flexibility should be maintained.

These programmatic concerns lead me to my final two points. First, the need for technical assistance to local programs should be addressed. While the Ford Foundation and Public/Private Ventures efforts examine some design issues, more needs to be done to communicate to PIC's what remediation designs work best. A mechanism must be provided that relates best practices from one PIC to another, as well as making research results on this subject available with practical applications.

Second, a summer enrichment program ought to have a small amount of funding for research. While results on the effect of remediation as it relates to employability are available, we should address ourselves to the effect of various program designs on school retention and educational gains, as well as long-term employment gains. Dollars for technical assistance and research should not be made available by tapping an already strapped national account. Rather, they should be part of the proposal itself as we seek to evaluate the value of the investment. This research would build on the base being developed by the Ford Foundation, Public/Private Ventures and others.

Driven by local experience, PIC's are beginning to appreciate the value of providing basic education skills to young people in employment and training programs. Who should provide the training, who should pay for it, and how it should relate to other JTPA objectives constitute some of the major issues facing both this committee and PIC's. However the issues are decided, through training, education and experience, I believe the remediation effort will continue to grow among programs.

Thank you. I will be happy to answer any questions.

[The prepared statement of Lori Strumpf follows:]

PREPARED STATEMENT OF LORI STRUMPF, ASSISTANT DIRECTOR, NATIONAL ASSOCIATION OF PRIVATE INDUSTRY COUNCILS

Mr. Chairman, Members of the Subcommittee, I am Lori Strumpf, Assistant Director of the National Association of Private Industry Councils (NAPIC). NAPIC is the only national membership organization serving local Private Industry Councils (PICs). Membership currently stands at approximately 200 PICs. I am also the Chair of the Legislative and Policy Task Force of the National Youth Employment Coalition. The National Youth Employment Coalition serves as a forum and information exchange arena for thirty-two (32) organizations concerned with the problems of youth education, employment and training.

I am pleased to appear before you today to discuss youth education and employment, including the proposals to add an educational component to the Job Training Partnership Act's Summer Program.

Before turning to my formal comments, I wish to make note of two facts. First, while I am appearing on behalf of NAPIC, the Association is actively reviewing the matters before the Subcommittee today and has not adopted formal recommendations at this time. Therefore, I am presenting my observations on the status of JTPA youth programs since their inception 19 months ago. These observations are from the vantage point of providing on-site technical assistance to over 100 PICs and service delivery areas, conducting 8 two-day seminars on youth programs attended by over 400 professional staff, managing a six-site PIC youth employment competency demonstration program, and numerous other contacts with PIC business members, staff and educators committed to finding solutions to one of our nation's most vexing problems.

Second, if the typical PIC member were here today, I am sure he or she would suggest that the first priority with respect to JTPA should be to insure the stability and the adequacy of funding for the basic PIC programs established in Title II of

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JTPA. To plan for and to build an effective job training infrastructure, PICs must be able to rely on a relatively stable level of funding from year to year. With the primacy of JTPA stability in both funding and design in mind, we welcome the opportunity to discuss strategies for enriching and improving programs for youth under JTPA.

Mr. Chairman, I think it is fair to say that the PICs formed under JTPA approached the youth requirements of the new legislation with both skepticism and apprehension. The reasons for this reaction are varied and complex. A few observations, however, may be instructive in understanding this reaction.

Business members in local communities were attracted to serving on private industry councils primarily to have an impact on training for jobs. PIC business members saw the PIC as an opportunity to influence the types and quality of training provided to prepare a segment of the labor force for productive employment. Therefore, PIC members viewed their primary role under JTPA as that of providing the best possible job training and placement services. With this initial mindset, several possible barriers to youth programming arose. Basic education, while undeniably important, was seen as the responsibility of the local education system, not of JTPA. In addition, past federal employment and training efforts for youth were viewed primarily as income transfer programs and not as serious attempts to increase a young person's employability. Finally, PICs in some communities questioned the wisdom of targeting the relatively high levels of service to youth that JTPA requires when adult unemployment rates remained unacceptably high.

These barriers to youth programming at the onset of JTPA were reinforced by several factors. The perceived emphasis in the JTPA performance standards on placement for both youth and adult programs left little justification for PICs to design other types of youth programs. The understanding local PICs had of this Act, as it was translated through the performance standards and other messages, was that placement was the number one goal. While placement is an important goal, it has been perceived as the goal for all youth thereby leading to an emphasis on skill training in the classroom and on-the-job as well as placement services. This factor led many PICs to conclude that there was little value in training that increased educational gains, when those gains were not job placement oriented in the short run. Furthermore, during the initial months of JTPA, PICs were so involved in developing administrative structures, sorting out responsibilities and implementing programs, that focusing on separate youth needs and programs was not a priority. With these forces in mind, it is not at all surprising to find that PIC programming for youth was often designed with employment as the major measure of success.

At the same time, research over the past several years as well as the work of a number of national organizations would suggest that a lack of basic skills is a primary predictor of unemployment among young adults. Other factors are also important. But basic skills deficiencies invariably are included on any list that attempts to explain high youth joblessness. For example, NAPIC and ten other national groups have been meeting for the past half year to seek ways of coordinating our efforts to strengthen youth programming. We have identified at least five factors that we deem critical in explaining the lack of employment opportunities for youth (as expressed in a draft paper from the National Commission for Employment Policy):

1. Lack of basic skills, particularly academic, communication and problem solving skills, which not only affect a youth's ability to get a job, but affect the ability to benefit from occupational training, to advance up career ladders, and to complete school, especially with the heightened emphasis on performance requirements for high school graduation.

2. Lack of jobs, specifically a lack of entry level jobs for which at-risk youth can qualify due to the changing and increasing requirements for entry level jobs, and a lack of jobs in certain areas, particularly old, urban areas, sparsely populated rural areas, and in areas of high unemployment, often those hard hit by plant closings and the restructuring of basic industries where adults compete with youth for the available jobs.

3. Lack of access to jobs, due to age, race and sex discrimination; lack of information about job opportunities, job requirements and the schooling required to get particular jobs, lack of knowledge about how to fill out applications, prepare resumes, contact employers and effectively participate in job interviews; and reluctance on the part of employers to hire youth.

4. Lack of recognition that many youth must cope with "adult" problems such as pregnancy, housing and child care.

5. Lack of experience, behavior and attitude necessary to get and keep a job.

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As you can see, the scope of the problem is immense. Strategies to address the problem will require federal, state and local cooperation and effective coordination of a host of institutions at all three levels charged with the education, job training and employment of our nation's youth.

Among the issues before this subcommittee is the role of JTPA in meeting the basic skill needs of economically disadvantaged youth. It is an issue that is increasingly receiving the attention of PICs, elected officials and state and local JTPA professionals.

While few JTPA resources are spent on remediation, employers also recognize that functional basic education skills are one of the primary factors they look for in entry level (and beyond) employees. Several recent studies have explored the problem of youth unemployment from the employer's point of view. When asked what they look for in young hirees, employers—large and small, in a wide variety of businesses and industries—agree upon a few basic qualifications:

basic verbal, writing and mathematical skills;

"work maturity," including the ability to follow instructions and to satisfy basic job requirements such as punctuality and regular attendance;

an awareness of the world of work, including some sense of one's own occupational interests and opportunities;

a specific skill such as the use of certain tools or machinery; and

positive work-related attitudes including a strong work ethic, and knowledge of proper behavior on the job.

These qualifications form the "basic competencies" essential for "employability."

These qualifications can be seen again and again locally as well. When PICs send out employer surveys for the purpose of enhancing local training programs and for developing youth employment competency systems, basic computation and reading comprehension skills are cited in one form or another as essential to getting and keeping a job. For example, a survey prepared for the Des Moines, Iowa PIC titled Iowa Business and Education Survey: A Study to Examine the Ways in Which Business and Education Cooperate in the Preparation of High School Graduates for Employment found that the ten most required skills in assessing youth for entry level employment, listed in order of importance, were:

1. Maintain attendance;
2. Work well with co-workers;
3. Maintain punctuality;
4. Cooperate with clients/customers;
5. Listen effectively;
6. Accept constructive criticism/supervision;
7. Read and comprehend job related material;
8. Understand supervisory authority and worker responsibility;
9. Maintain acceptable appearance; and
10. Keep work area clean and organized.

On the other hand, the ten least important skills were, with two exceptions—speaking and interpretation of graphs—all related to the computer or job specific skills. In the order of least required, they were:

1. Perform simple programming;
2. Perform word processing;
3. Enter data into computer;
4. Access information from computer;
5. Familiarity with computer functions;
6. Speak effectively to groups;
7. Operate job specific power equipment;
8. Have keyboard skills;
9. Construct, fabricate or assemble materials; and
10. Interpret graphs or symbolic information.

The results of the research along with employers' assessments of their own needs would lead one to believe that convincing PICs to plan, design and operate youth programs with a basic skills component would be an easy task. This is not so in every case for many of the reasons already cited.

Additionally, as a National Alliance of Business Survey points out, over 11,000 business volunteers entered this system at its onset. These volunteers faced a formidable task in learning about and implementing JTPA programs. One needed to allow time for these volunteers to learn about the results of previous demonstrations and research. And research alone is not always a convincing argument. PICs had to experience working with their local youth population to meet both employer expectations and youth training needs. I believe that the lessons of the past and experiences under JTPA are beginning to come together around the country.

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There are several reasons for this observation. The first set have to do with the increasing utilization by PICs of the exemplary program models established in Section 205 of the JTPA. As you know, these models draw upon the demonstrated successes of previous youth employment and training efforts. Second, the increasing use of PIC approved youth employment competency systems suggests that a constructive link between public education and JTPA is potentially available for further development.

Seeking to learn of the degree to which the "Exemplary Youth Programs" of Section 205 had been implemented at the local level, NAPIC mailed a survey instrument to all PICs and Service Delivery Areas in early April, 1985. The survey sought information on which models were being used, the number of participants served and whether youth employment competencies were part of the program.

While we are in the process of tabulating the data, initial returns indicate that 74 percent of those responding operate some form of Exemplary Youth Employment Program. Another 7 percent indicate plans to implement one or more in the future. Almost three-fourths of the respondents operate under a system of PIC approved competencies.

Of those responding, 31 percent operate Education for Employment Programs; 73 percent Pre-Employment Skills Training Programs; 20 percent School to Work Transition Programs; and 85 percent Entry Employment Experience Programs. In addition, 90 percent of those operating Entry Employment Experience Programs include a "tryout" employment option and 95 percent of these provide "compensation in lieu of wages" to their participants. Compensation ranges from $1.95 to $3.51 per hour with an average of $3.19 per hour. In program year 1984, the average Education for Employment Program served 96 young people; for program year 1985 that number will increase to 133 youth according to current plans.

NAPIC will provide the Subcommittee with a copy of the analysis when it is completed. In addition, we expect to continue our efforts to learn about the precise uses of these models at the local level.

Another positive development in my judgment has been the evolution of PIC member concerns over the past several months. Nineteen months ago, the conversation of PIC members with their peers usually involved the intricacies of forming the PIC-LEO (local elected official) agreement. During the first year of JTPA, discussions of the roles and responsibilities of each partner continued to dominate the conversation at seminars and training sessions. Recently, however, at a national conference sponsored by NAPIC and other organizations, a PIC discussion group attended by some 70 PIC business members from across the country pointed up new issues. PIC-LEO relationships have been largely worked out in a satisfactory manner according to this group. Participants began to articulate a new relationship that was causing tension within the system—that between the PIC and local educational institutions. It appears that as PICs focus on programs, they must determine how best to work with local educational institutions. We believe that this tension is a creative one that will lead PICs to investigate relationships between JTPA and public education.

The direction this investigation into new collaborative areas might take is already being explored in several communities. The direction I am speaking of is that of youth employment competencies. Competencies are developed through an approach that involves the education system throughout the process. Together the two systems identify the appropriate employment related education skills and develop program strategies for implementation.

Section 106 of the Act discusses how employment and training programs ought to be judged and evaluated both locally and nationally. Increases in earnings and employment are viewed as a key part of evaluating the effectiveness of a program. This discussion sets the performance standards for the employment and training system as a whole. But Congress also recognized that young people may have different training needs than adults, and that different measures of performance are necessary. Primarily these measures are to take shape through a mechanism identified as PIC recognized employment competencies. The Department of Labor has directed PICs that if they wish to develop such competency systems, they may do so in three competency areas.

Those areas are:

Pre-Employment and Work Maturity Skills, which include such skills as resume writing, interviewing, job search and world of work awareness.

Basic Education Skills, which include the functional academic skills needed to get to perform and to keep a job; and

Job Specific Skills, which include the specific skills necessary to perform a job task such as typing.

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PICs around the country have spent the last twelve months investigating the need for such competency systems and where appropriate, they have been developing and implementing systems locally. A recent survey by the National Alliance of Business and the National Governors Association (assisted by NAPIC) reports that over two-thirds of the PICs are developing youth employment competency systems. At this point, it appears they are primarily in the area of pre-employment and work maturity.

However, an interesting shift in focus appears to be taking place. In an effort to find ways to work collaboratively, PICs and educational institutions are exploring the development of Basic Education Skills competencies as a strategy through which both business and education can develop a common understanding by which to measure success. I think it is fair to say that PICs want to have an influence over the local school system, but they do not want to duplicate efforts—particularly for in-school youth—and they certainly view the school system as having the resources to do the job more effectively. They want to influence what is taught and how it is taught. I am beginning to see this happen through a collaborative effort of developing basic education competencies. PICs are utilizing the development of functional basic education skills as a leveraging mechanism, to broker services for a segment of their youth population who need to be "brought up to speed" academically before they are ready for an actual job placement. They are also utilizing basic education competencies to focus on potential dropouts, who with additional academic support might stay in school.

Admittedly, I have the opportunity to work with some of the more creative and innovative PICs. The need for Congress and the Administration to provide national leadership that places due importance on these matters is real. However, in spite of a performance and reporting system that sends a different signal, PICs are beginning to form strategies to address the basic skills deficiencies of eligible young people while also meeting the 40 percent spending requirement and the youth positive termination performance standard. (The only standard that was not met or exceeded at the national level according to the Labor Department.)

I would now like to turn to the question of how public policy can create an incentive for PICs to provide this kind of training. How can this subcommittee build on the existing collaborative efforts developing between PICs and education, build on the experiences of PICs, build on employer expectations, and build on the changing perception of the system as not being driven solely by placements.

SUMMER PROGRAMS

I would like to stress that the number of summer remediation programs that are already operating—both last summer and those planned for this summer—is impressive. There is an opportunity to provide a remedial component in the existing summer program (Title II-B) and many program planners are taking advantage of the opportunity. Much of the credit for encouraging these programs can be attributed to the Ford Foundation and Public Private Ventures, from whom you are hearing today. But independent efforts exist as well. NAPIC produces a newsletter on youth programs in cooperation with Brandeis University. One of our more recent newsletters addresses enriching the summer program and identifies, in addition to the PPV models, three examples of summer enrichment efforts. These examples include Rock Island, Illinois; Dade County, Florida; and Poughkeepsie, New York.

Since a number of efforts already are underway, it is extremely timely for Congress to examine the direction public policy should take in this area. It is my judgment that we must carefully consider the federal role in this respect with particular attention to the design of appropriate incentives to build upon existing efforts and to expand the entire remediation thrust.

A proposal to enhance the summer program by adding a remediation component must be viewed within the context of the year round program. Services to youth through the employment and training system should be viewed as a twelve-month continuum. With this "continuum of services" perspective, one can see that the services offered in the summer are correctly driven by services offered during the non-summer months. The flexibility must be maintained to develop local programs that take into account not only what services are needed to augment the summer program, but how those services delivered in the summer augment and expand the basic Title II-A program.

I would like to address several issues that we think are important to examine within this context. These issues need to be examined here as well as through continued conversations with local PICs, employment and training practitioners and educators.

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While there is increasing recognition of the potential benefits to combining remedial education with summer youth employment, the question of whether to accomplish this end through legislative mandates or through a system of incentives must be considered. We would recommend the latter approach. Such an incentive based approach encourages both local innovation and ownership. Therefore, it is likely to have a greater long-term effect on the way summer jobs programs are operated and on the role of basic skills development in youth programming.

Equally important, a summer effort characterized by local community support stands a good chance of leveraging other federal, state, local and private dollars for remediation purposes. Along these lines, we suspect that an incentive system could provide funds proportional to the number of youth who have remedial education needs and who are slated for inclusion in a community's summer program. Put another way, an incentive based system could be structured to encourage service delivery areas and their school districts to identify the needs of the eligible youth population and to set up remediation efforts commensurate with those needs. On the other hand, a legislatively mandated system would likely provide a fixed amount of remedial education resources irrespective of the needs of the young people being served or the existing commitment of community leaders to the remediation program.

It is further our view that a summer enrichment program such as the proposals before you ought to encourage collaboration between the JTPA system and public education. PICs recognize the importance of collaboration when they observe that improved basic academic and functional competencies depend in the main on strengthening public education. In addition, while new allocations could be effectively utilized and might receive broad support, we must recognize that in a time of tight fiscal resources at all levels, more efficient uses of existing resources may be the best hope of improving education and training for all youth. Finally, efforts to improve coordination with public education should not permit us to overlook other resources such as alternative education, employer based remediation and community based education for youth who might better benefit from such approaches.

In short, collaboration between PICs, elected officials and school administrators could pay dividends not only during the summer but on a year round basis. Nonetheless, improving coordination in this regard has been a slow and difficult process. We suggest that a possible means of moving this process forward is to establish a joint planning process between PICs, elected officials and local education agencies similar to others contained in JTPA.

While the need for and goals and objectives of a summer remediation effort may be clear, it is important that we examine program issues as well.

Knowing that one should provide remediation activities and knowing how to provide the service are very different things. It seems to me that once a PIC chooses to offer this component, several questions will begin to surface around how to design and implement such a program. Many programs around the country have experimented with different ways to offer the education component. For instance, do you offer a "fifth day" model, where young people work four days a week and attend class on the fifth day—Friday? I know that this model has not worked effectively in some places. It is hard to get young people to class on a Friday in the summer. What makes it work and not work? Do you offer one hour a day at the beginning/end of each work day? Two hours three days a week? What are the best teaching techniques to tie the classroom experience to the work experience? Who provides the classroom training? What are different strategies for working with the school? What about areas where the school itself has no summer school program—what facilities, teachers and curricula do you use? And so on.

These programmatic concerns lead me to my final two points. First, the need for technical assistance to local programs should be addressed. While the Ford Foundation and Public Private Venture efforts examine some design issues, more needs to be done to communicate to PICs what remediation designs work best. A mechanism must be provided that relates best practices from one PIC to another, as well as making research results on this subject available with practical applications.

Second, a summer enrichment program ought to have a small amount of funding for research. While results on the effect of remediation as it relates to employability are available, we should address ourselves to the effect of various program designs on school retention and educational gains, as well as long-term employment gains. Dollars for technical assistance and research should not be made available by tapping an already strapped national account. Rather they should be part of the proposal itself as we seek to evaluate the value of the investment. This research would build on the base being developed by the Ford Foundation, Public Private Ventures and others.

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Driven by local experience, PICs are beginning to appreciate the value of providing basic education skills to young people in employment and training programs. Who should provide the training, who should pay for it, and how it should relate to other JTPA objectives constitute some of the major issues facing both this Committee and PICs. However, the issues are decided, through training, education and experience, I believe the remediation effort will continue to grow among programs.

Thank you. I will be happy to answer any questions.

Mr. MARTINEZ. Thank you, Ms. Strumpf.

Did I understand you right, Mr. Miller, you have to leave here at one?

Mr. MILLER. Yes, sir.

Mr. MARTINEZ. OK. I think we have time.

Mr. Smith.

Mr. SMITH. Good afternoon. Thank you, Mr. Chairman and members of the subcommittee.

I am very glad to have this chance to appear before the subcommittee to discuss the addition of an educational proponent to the Job Training Partnership Act summer youth programs.

My name is Thomas J. Smith. I am the director of the Summer Training and Education Program of Public/Private Ventures.

P/PV is a national, nonprofit program development and research organization that works on strategies to improve the education and employability of people who without help are unlikely to achieve full participation in the labor force.

I am here today to share with you some of the lessons we have learned from one of our projects as it relates to the addition of an educational component to the Summer Youth Employment Program.

The Summer Training and Education Program—STEP, for short—is a 3-year national demonstration project designed to test the impact of intensive basic skills instruction on high school graduation and dropout decisions by disadvantaged, at-risk youth in the summer program.

The STEP program model was carefully tested in two pilot sites last summer: Boston, MA; and Pinellas County, FL. Its target is educationally and economically disadvantaged 14- and 15-year-olds, and it serves each youth for two summers. In a typical program cycle, STEP participants are enrolled in jobs, remedial education, and life planning classes during the summer months. They are offered help and support during the school year, and a second summer of work and study is guaranteed to successful first-year completers who stay in school and remain economically eligible for the program.

The STEP pilot focused solely on short-term outcomes, those that could be observed in a single summer, most particularly academic achievement. From that perspective, the pilot showed that STEP works. Youth that participated in the STEP program scored statistically significant learning gains in reading and math over those in a randomly selected comparison group. In reading, STEP youth, compared to their peers, scored gains of one full grade equivalent in Pinellas County and more than one and one-half grades in Boston. In math, a half-grade increase was recorded in Pinellas County, and Boston treatment youth scored more than one full grade.

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Of course, caution needs to be exercised in interpreting these initial data. For example, the comparison group may not have performed as well because they had inadequate incentive to do well on a test unrelated to their basic summer activity. And it is too early yet to know how enduring the STEP youth's gains will be. But the results, we feel, are encouraging.

What, then, are some of the lessons from the STEP pilot that are of particular relevance to the proposed legislation being considered by the subcommittee?

First, intensive instruction in basic reading and math skills can produce tangible learning gains in 14- and 15-year-olds during one summer's experience. Admittedly, the data from the STEP pilot are not definitive and do not guarantee the durability of these learning gains, but the results are strong enough to warrant optimism for this approach.

Second, the integration of an educational component into the existing Summer Youth Employment Program is complicated, expensive and time consuming. While our pilot sites were able to get programs up and running within a short time span, only 4 months, this achievement required heavy expenditures of time and money by both the site and by P/PV.

Third, the instructional strategies used in competency-based programs are particularly suited to programs like the Summer Youth Employment Program that must serve participants with widely varying backgrounds and skill levels. The only way to reach all such youth, without expensive teacher-pupil ratios, is to use individualized instructional strategies.

Fourth, effective competency-based instructional programs are difficult to design, manage, and operate. The pilot sites all experienced the need for expert assistance during the course of the summer to insure the quality of the programs that they offered.

Fifth, and the final point, local educational agencies are not necessarily the sole or the best resource for effective delivery of competency-based remedial instruction. Community based organizations, community colleges and universities can also be used as delivery agents.

In summary, our optimistic pilot research findings, that remedial education in the context of the SYEP Program can improve the academic performance of disadvantaged youth, need to be tempered by a word of caution not to underestimate the time, energy and resources required to achieve this goal.

Enrichment of the summer program can yield significant payoffs for the Nation's disadvantaged youth. We believe that the STEP experience this summer will clearly demonstrate the value of such enrichments.

Accordingly, we would like to voice our support for the objectives of H.R. 1090 and H.R. 1722 and hope our project can aid you in considering the best way to realize these objectives.

Thank you.

[The prepared statement of Thomas J. Smith follows:]

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TESTIMONY OF THOMAS J. SMITH, DIRECTOR, SUMMER TRAINING AND EDUCATION PROGRAM BEFORE THE HOUSE COMMITTEE ON EDUCATION AND LABOR SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES HEARINGS ON H.R. 1090 AND H.R. 1722

Good morning, Mr. Chairman and Honorable Members of the Sub-Committee on Employment Opportunities. I'm very glad to have this chance to appear before the Sub-Committee to discuss the addition of an educational component to the Job Training Partnership Act Summer Youth Employment Program. My name is Thomas J. Smith. I am the Director of the Summer Training and Education Program of Public/Private Ventures. Public/Private Ventures is a national non-profit program development and research organization that works on strategies to improve the education and employability of people who, without help, are unlikely to achieve full participation in the labor force.

I am here today to share with you some of the lessons we have learned from one of our projects as it relates to the addition of an educational component to the Summer Youth Employment Program.

The Summer Training and Education Program—STEP—is a three-year national demonstration project designed to test the impact of intensive basic skills instruction on high school graduation and dropout decisions by disadvantaged, at-risk youth in the Summer Youth Employment Program.

The STEP program model was carefully tested in two pilot sites last summer—Boston and Pinellas County, Florida. Its target is educationally and economically disadvantaged 14 and 15-year olds, and it serves each youth for two summers. In a typical program cycle, STEP participants are enrolled in jobs, remedial education and life planning classes during the summer months. They are offered help and support during the school year, and a second summer of work and study is guaranteed to successful first summer completers who stay in school and remain economically eligible for the program.

The STEP pilot focused solely on short term outcomes, those that could be observed in a single summer, most particularly academic achievement. The pilot showed that STEP works. Youth who participated in the STEP program scored statistically significant learning gains in reading and math over those in a randomly selected comparison group. In reading, STEP youth, compared to their peers, scored gains of one full grade equivalent in Pinellas County and more than one and one-half grades in Boston. In math, a half-grade increase was recorded in Pinellas County, and Boston treatment youth gained more than one full grade.

A STEP program was run in Baltimore which did not include a control group or random selection. Therefore, the Baltimore site does not contribute fully to the analysis of program impacts.

Of course, caution needs to be exercised in interpreting these data—for example, comparison group youth may not have performed as well because they had inadequate incentive to do well on a test unrelated to their summer activity, and it is too early to know how enduring the STEP youth's gains will be. But the results, we feel, are encouraging.

What, then, are some of the lessons from the STEP pilot that are of particular relevance to the proposed legislation being considered by the Sub-Committee?

First, intensive instruction in basic reading and math skills can produce tangible learning gains in 14 and 15 year-olds during one summer's experience. Admittedly, the data from the STEP pilot are not definitive and do not guarantee the durability of these learning gains, but the results are strong enough to warrant optimism for this approach.

Second, the integration of an educational component into the existing Summer Youth Employment Program is complicated, expensive and time consuming. While pilot sites were able to get programs up and running within a short time span—only four months—this achievement required heavy expenditures of time and money by the site and by P/PV.

Third, the instructional strategies used in competency-based programs are particularly suited to programs like the Summer Youth Employment Program that must serve participants with widely varying backgrounds and skills levels. The only way to reach all such youth—without high and expensive teacher-pupil ratios—is to use individualized methods.

Fourth, effective competency-based instructional programs are difficult to design, manage and operate. The pilot sites all experienced the need for expert assistance during the course of the summer to assure the quality of the programs they offered.

Fifth, and the final point, local educational agencies (LEAs) are not necessarily the sole, or best, resource for effective delivery of competency-based remedial in-

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struction. Community based organizations, community colleges and universities can also be used as delivery agents.

In summary, our optimistic pilot research findings—that remedial education in the context of the SYEP program can improve the academic performance of disadvantaged youth—need to be tempered by a word of caution not to underestimate the time, energy and resources required to achieve this goal.

Thank you.

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SUMMER TRAINING AND EDUCATION PROGRAM
PILOT PROGRAM
METROPOLITAN ACHIEVEMENT TEST (MAT) SCORES IN READING AND MATH BY SITE

	Reading Scores			Math Scores		
Site	Pre-Test	Post-Test	Change	Pre-Test	Post-Test	Change
Boston						
Treatments n = 197	.730	737	+ 7	710	733	+23**
Controls n = 208	730	708	-22**	702	685	-17**
Pinellas						
Treatments n = 126	681	691	+10	693	700	+ 6
Controls n = 83	698	693	- 5	697	681	-16
Baltimore						
Treatments Only n = 72	728	724	- 4	741	757	+16*

* Significant at the .10 level.
** Significant at or beyond the .05 level.

NOTE: MAT scores are standard scores. These are used to compute the grade-equivalent changes cited in the Testimony and Executive Summary.

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Summer Training and Education Program

SUMMARY OF THE DEMONSTRATION

Tne Summer Training and Education Program (STEP) is a national, multi-year project designed to test the impact of intensive basic skills instruction in reading and math on high school graduation and dropout decisions by disadvantaged, at-risk youth. The carefully structured summer program also includes a curriculum that addresses life planning, sexual behavior and teen pregnancy issues in a format tailored to 14 and 15 year olds who are poor and identified as potential school dropouts.

BACKGROUND

The need for effective intervention in this area is obviously compelling. Nationally, school dropout rates have reached alarming proportions; some 28 percent of America's 17 and 18 year-olds do not graduate from high school. No longer a phenomenon associated solely with small and often neglected sub-groups, the dropout problem is increasingly perceived as an urgent national issue. In urban areas, moreover, the problem is acute: many large cities report dropout rates in the range of 40 to 50 percent.

Among minority groups, the problem can be fairly described as desperate. Public interest organizations report dropout rates among black and hispanic youths reaching 70 percent in some urban settings. The loss of educational opportunity by so many, and in particular the high incidence of dropout behavior among minorities, suggests a problem with large and serious long term consequences for the nation as a whole.

The causes of dropout behavior are varied and frequently interrelated. Factors that may have decisive impact on a youth's performance and decision to remain in school—such as home attitudes toward education and learning—are among the most difficult to affect through any programmatic means. The STEP demonstration has focused on two that can be effectively addressed, and in ways that will, it is believed, have palpable effects on dropout behavior among target youth.

The first is educational deficiency. A number of widely accepted research studies have established a strong link between poor educational performance and the later decision to drop out of school. In particular, low reading and math scores are common among youth who drop out of school, as is being left behind one or more years in the primary and middle grades. Both paint a portrait of the dropout as a youngster incapable of performing on an even keel with his peers.

The second cause, one growing in both scope and urgency, is teenage parenting. Forty percent of female school dropouts cite pregnancy as the reason for leaving school, and some 600,000 babies are born to teenagers every year. The educational impact seems permanent: by age 24, teen mothers average two years less schooling than peers who defer child-bearing.

While the relationship between parenting and female dropouts is an obvious one, current research in this area underscores the less obvious connection between male parents and their decisions to drop out of school. Teenage pregnancy is, moreover, a large and growing problem. By 1980, almost half of all births were to 15–19 year olds, more than triple the proportion of 1960 births to that age group. The issue has broken through the threshold of concern both locally and nationally, to the point where intervention programs have gained broad acceptability in many local settings.

To conduct an initiative focused on these two factors, the summer months are viewed as a critical opportunity, and the federally funded Summer Youth Employment and Training Program (SYEP) as an opportune vehicle to mount such an effort. Educationally, summer is the time when a youth's rate of learning slows. Some evidence suggests that for disadvantaged youth the slowdown in learning rates is large enough to be "negative," i.e. youth show lower attainment levels at the end than they did at the beginning of summer.

Many 14 and 15 year olds—those targeted by the STEP demonstration—view summer as a time to seek jobs and income, frequently with little success. The SYEP is an employer of last resort for many of these youth. Hence a program that addresses education needs in reading, math and sexual behavior, can utilize the incentive effects of summer youth job programs. The scarcity of federal resources for youth programming, moreover, has made many localities aware of the potential of the summer youth program in addressing needs in a strategic fashion, rather than merely as a source of income for youthful participants.

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THE STEP DEMONSTRATION

The national demonstration will operate in six sites selected competitively on the basis of their capacity to undertake the project successfully. The six designated sites are Boston, Mass., Broward County, Fla., Fresno, Calif., Portland, Ore., San Diego, Calif., and Seattle, Wash.

STEP will reach some 1,800 youth over a three-summer period; there will be a control group of equal size. Target youth are 14 and 15 year-olds who are doing poorly in school and are economically eligible for the federally-funded SYEP in their communities. Two waves of participants in each site will be involved in a two-summer program (1985–86 and 1986–87), with follow-up during the intervening school year. Participants and control group members will then be followed for up to five years beyond the end of the program to determine what impact the program has had on high school graduation rates, sexual behavior and child-bearing, and early labor market experience.

The model.—During the first of two consecutive summers, STEP participants receive 90 hours of remedial instruction in reading and math, work for at least 80 hours and attend life planning sessions for 20 hours. They are offered school-year support, and a second summer of work and study is guaranteed to successful first summer completers who stay in school and otherwise remain eligible for the program.

The experience of the treatment group will be compared with that of a randomly assigned control group—an equal number of youth who meet the same targeting criteria, but spend the summer in work experience alone.

With some variation from site to site, each program will focus on four key components:

1. The remediation component, the cornerstone of the STEP model, utilizes competency-based techniques, including computer assisted instruction, and concentrates on reading and math. The remediation program defines the competencies towards which participants work, uses a short diagnostic test to assess their skills on entry and develop an individualized learning "prescription," assesses participant progress, and provides learners with frequent feedback over the summer.

2. The life planning component stresses responsible social and sexual behavior aimed at reducing teenage pregnancies. It was developed for P/PV by the Center for Population Options in Washington, D.C. and is specifically designed for 14 and 15 year olds. It makes use of films, games and group activities to emphasize the links among sexual choices, pregnancy, future career choices and employment prospects.

3. Work experience draws on job slots provided through the local summer youth program. Fourteen- and 15-year-olds are typically placed in maintenance, clerical food service and recreation-related jobs.

4. School-year support programs maintain the progress youth make in the summer program, and encourage their remaining in school and continuing the summer program for the second summer.

The model is sufficiently flexible to accommodate local variation. The program can be operated in one or several neighborhoods, or in an area as large as a county. Remediation and work experience can occur at the same site, as for example, on the campus of a high school or community college; or remediation can occur at a central location, with worksites located elsewhere. In the latter case, students travel between the remediation and worksites at mid-day.

The research component.—Carefully planned research is an integral part of the demonstration program. Treatment and comparison youth are tested at the beginning and end of both summers using the Metropolitan Achievement Test. A range of data is collected from the school districts of each participating site, including grades, attendance, school leaving and eventual graduation. Pre- and post-program questionnaires assess attitudes, knowledge and behavior regarding sexual and social issues and career awareness. Periodic face-to-face and/or telephone interviews will be conducted during the follow up period to examine the short-term effects of the program.

Comparison and program youth will be followed for up to five years after they complete the program to examine the short and long term effects of STEP on school attendance, deferral of dropout behavior, pregnancy rates and changes in sexual behavior, high school graduation and work force participation. This follow up period is designed to last until June 1992.

THE PILOT

The STEP model was tested in three pilot sites during the summer of 1984; the research findings were published in March 1985. In Boston and Pinellas County,

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Florida, the experience of 436 STEP enrollees was compared with that of a randomly assigned control group—an equal number of youth enrolled in the regular summer jobs program who spent all their time on work experience alone. P/PV also monitored and gathered information from a similar project in Baltimore which enrolled 74 youth but did not have a control group.

In comparison with the control group, which showed losses in reading and math skills over the summer, STEP youth increased their reading levels by one full grade equivalent in Pinellas County and more than one and one-half grades in Boston. In math, STEP youth gained half a grade in Pinellas County and more than one grade in Boston. In Baltimore, participants experienced significant increases in reading scores over the summer, but not in math.

The life planning and sexual behavior research found that a majority of STEP participants—primarily eighth and ninth graders—were sexually experienced but unknowledgeable about contraception or the possible impact of pregnancy and parenting on their lives. At the end of the summer program, participants were significantly more knowledgeable about methods of birth control than were controls, and more aware of the disruptive effects that adolescent parenthood could have on their schooling and plans for the future.

The results of this pilot effort strongly indicated that the program could be successfully implemented in a variety of local settings, and that tangible educational benefits could be attained by youth who participated. Based on the pilot's results, P/PV has refined the basic program and research design for the national demonstration that begins in June 1985.

Summer Training and Education Program (STEP)

Report on the Pilot Experience

Executive Summary

BACKGROUND

Each year, large numbers of disadvantaged youth enter the labor force without adequate preparation: their basic academic and job skills are unequal to the tasks that they will soon face as young adults. Many will have dropped out of school without having earned a high school diploma, thereby seriously curtailing their long-term employment and earnings prospects.

Research has consistently demonstrated that unsuccessful academic experiences—performing poorly in classes and failing a grade—are key factors in the high dropout rate among disadvantaged youth. A second major cause of dropping out is teenage pregnancy, and recent research has shown a connection between parenting and decisions to drop out by both girls and boys.

Another body of research has shown that summers are critical periods in the academic development of disadvantaged youth. Therefore, the Summer Youth Employment Program (SYEP) is an appropriate vehicle for addressing contributing factors in dropout behavior. SYEP is one of the largest national programs for disadvantaged youth and comes into contact with about 700,000 youth annually, many of them potential dropouts. As presently structured, it provides summer work experience and income for youth who would otherwise be unlikely to find jobs. SYEP has served many young people over the years, but has seldom tried to help its participants make a successful school-to-work transition.

THE SUMMER TRAINING AND EDUCATION PROGRAM (STEP)

The Summer Training and Education Program (STEP) seeks to improve school retention rates and, ultimately, labor market outcomes for disadvantaged youth aged 14 and 15 by addressing two serious obstacles to high school graduation for members of this target population: negative academic experiences and adolescent parenthood. In augmenting work experience with academic remediation and help in life planning, STEP is a prototype for redesign of the SYEP.

Participants in STEP have an opportunity to spend two summers in a program that provides both academic remediation and instruction in life planning skills, in addition to the work experience traditionally available to them in summer jobs programs. In the intervening year, they take part in a voluntary social support component designed to reinforce the gains achieved during the first summer and to create expectations for similar gains in the future.

During the summer of 1984, a pilot of the STEP program model was conducted in three communities: Boston, Massachusetts; Pinellas County, Florida; and Baltimore,

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Maryland. At each of these sites, a consortium of public and private agencies with experience in the employment and training field was responsible for the development, coordination and implementation of this program.

Public/Private Ventures (P/PV), a not-for-profit corporation that seeks strategies to help disadvantaged people become more self-sufficient, had overall management responsibility for this effort. P/PV was responsible for site selection, technical assistance in program design and implementation, and research and evaluation.

Research findings from the pilot program have encouraged P/PV to proceed with a full-scale national demonstration that will operate in six sites starting in June 1985. P/PV concluded that the STEP model justifies further experimentation: to affirm findings that the model was successful in generating significant academic gains; to test a strengthened life-planning component for which research found indications, but not conclusive evidence, of effectiveness; and to assertain the long-term impacts of this kind of intervention.

The lessons and recommendations that emerged from the summer pilot have been used to make adjustments in the model for its national demonstration phase. Program operations will include two waves of participants, each involved in a two summer program (1985–86 and 1986–87) with follow-up during the school year in between; research operations will continue for an additional five years.

For the 1984 pilot, STEP received public and private support from both local and national sources. Of these sources, funds from the Job Training Partnership Act (JTPA) and the Ford Foundation were major elements. All three sites were able to augment these funds with local resources.

THE STEP PILOT

Objectives

In its pilot phase, STEP focused on attaining those objectives that could be observed within the course of a single summer. Among them were:

increasing the academic achievement of participants in reading and math or stemming summer learning losses in these areas;

increasing participants' ability to make responsible decisions about sexual behavior, thus reducing the likelihood of teenage pregnancy; and

increasing participants' career awareness.

The program model remains essentially the same in the national demonstration, but research objectives include assessment of more varied and longer-term outcomes.

Target population

STEP targets low-income youth, ages 14 and 15. Members of this age group are likely to be more responsive to remedial efforts than they are at later ages, are making the critical transition between junior and senior high school, are interested in obtaining jobs but are too young to compete successfully with older youth, and are reaching the threshold of risk for becoming teenage parents. To qualify for participation in STEP, participants must have significant educational deficiencies and be economically disadvantaged.

The treatment

Four separate but related components comprise the STEP treatment—remediation, work experience, life planning and social support. Participants in STEP are eligible for two summers' participation in a program combining the first three of these components. The fourth, the social support component, occurs during the school year and provides a bridge between the two summers.

In the pilot, the total number of hours available in the summer program ranged from 180 to 240 divided into two roughly equal segments comprised of classroom instruction and work experience. Generally, youth were compensated for their participation in both components of the program at the same rate as participants in the Summer Youth Employment Program—usually minimum wage.

Because STEP is being proposed as an alternative to the regular SYEP, outcomes for youth who participate in STEP are contrasted with outcomes for a similar group of youth who receive only the summer work experience and income traditionally provided by SYEP.

The remediation component provides 90 hours of basic skills instruction, primarily in reading and math, with the aim of producing gains, or, at least, decreasing the losses usually experienced over the summer months. The STEP model calls for a remediation curriculum that is individualized, self-paced and competency-based.

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Work experience is provided through SYEP and most STEP participants are therefore likely to be employed in entry level jobs in the clerical, maintenance, and parks and recreation fields.

The life planning component presents a curriculum aimed at developing responsible social and sexual attitudes and behavior among participating youth. This segment covers such topics as decision-making, workplace behavior, job equality issues, the consequences of teenage parenting and a variety of ways to avoid pregnancy, abstinence among them. The curriculum, developed by the Center for Population Options under contract to P/PV, runs approximately 18 hours, using lectures, discussions, field trips, role-plays, films and outside speakers.

The social support component seeks to ensure that participating youth maintain gains achieved during the summer, continue academic achievement during the school year and return to STEP the subsequent summer.

Site selection and development

The criteria for pilot site selection included:

interest in, or previous experience with, programs integrating academic remediation and work experience in summer youth employment programs;

willingness to cooperate with the key research requirements of the program—the recruitment of 500 SYEP applicants, to be randomly assigned to experimental and control group conditions; and

the ability to develop and implement the program within a relatively short time.

Boston and Pinellas County, Florida were selected to conduct the pilot. Baltimore, which already had a well developed program design that varied from the P/PV model, was included because it provided another opportunity to observe a test of STEP's basic concepts. However, because it lacked random selection and a control group, and was restricted to 14-year-olds, the Baltimore site does not contribute fully to the analysis of program impacts.

The research design

The two major components of the design are an implementation analysis and an impact analysis. The implementation analysis attempts to delineate early program lessons by describing the processes involved in the planning, coordination and implementation of STEP. The impact analysis examines the short-term effects of STEP on its participants in the specific areas of academic performance, employment-related attitudes and behaviors, and the development of responsible social and sexual attitudes and behavior.

The total pilot sample included 950 youth. The Boston pilot included 517 participants: 257 in the treatment group and 260 in the control group. Pinellas County served a total of 359 participants, 180 treatments and 179 controls. Baltimore had a treatment group only, of 74 youth. The primary analysis sample included 760 youth.

The primary measure of academic performance is the Metropolitan Achievement Test (MAT), a test of achievement in math and reading. The SYEP application form and a P/PV baseline questionnaire are the sources for demographic characteristics of the sample and for pre-test measures of a number of program-relevant attitudes, knowledge and behavior. Other data include program timesheets and a follow-up questionnaire.

EARLY PROGRAM LESSONS

The experience to date has been encouraging. The 1984 summer pilot has shown that, in general, STEP works. First, it seems to have worked operationally. The short period available for site development and program planning notwithstanding, operators were able to put into place a program that in most instances delivered the treatment, pretty much as designed, to the target population.

Similarly, STEP appears to have attained a measure of success in achieving for its participants some of the impacts intended. Participants made significant gains in basic academic skills and achieved some improvements with respect to their knowledge of job opportunities, contraception and the burdens of teenage parenting.

Program implementation

Academic remediation.—The content, format and amount of academic remediation varied substantially from site to site and, in Boston, among individual work/remediation sites. In addition, there were variations in the amount of computer-assisted instruction available at the sites. Although there may have been differences in perceived ease of implementation, none of these approaches was clearly more effective

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than any of the others in attaining learning gains. STEP participants attained learning gains regardless of which approach they followed.

The life planning component.—Remarkably few problems were encountered in implementation. P/PV had developed a prescribed curriculum that sites were asked to adopt more or less wholesale. All life planning instructors attended a training session that familiarized them with course content and helped them anticipate difficult questions and situations. In addition, some received limited technical assistance during the summer.

It became very clear that, given their level of sexual experience, ignorance of methods of contraception and failure to practice contraception, this target population is greatly in need of the fertility-related aspects of the life planning component. Participation in STEP has, in many cases, brought to these youth their first systematic exposure to sex education and family planning instruction.

The work experience component was also implemented smoothly, mirroring in most respects the work experience provided for youth participating in the Summer Youth Employment Program. Significantly, program operators did not experience problems developing half-day jobs.

Participant responses to individual program components were generally positive, but the number of youths saying they would definitely like to return for a second summer was disappointing. End-of-summer projections are not necessarily accurate predictions of whether a youth will return the second summer (particularly given limited job opportunities), but they are early warning signals.

Program impacts

Life planning.—At the end of the summer, participants had significantly greater knowledge of birth control information than did members of the control group. In addition, they had a better appreciation of the consequences of adolescent parenthood than did controls. However, many studies of adolescent sexual behavior have found improvements in birth control knowledge coupled with a lack of improvement in contraceptive utilization. For this reason, it is important that the life planning component be strengthened in ways that would increase its impact on participants' sexual and contraceptive behavior.

STEP also attempted to raise participant consciousness of the world of work. One project goal is to influence some young women to consider following careers in areas not traditionally female. It appears, however, that STEP was not successful in this aim. At follow-up, only male participants in the Pinellas County program had identified greater numbers of careers appropriate for women.

Academic performance.—The remediation/work experience mix that the STEP treatment delivers was very successful in improving participants' basic skills, as measured by scores on the Metropolitan Achievement Test (MAT). Considering the net impact of treatment gains and control group losses, STEP participants increased their basic skills substantially beyond what they would be in the absence of the program. Participants increased their reading levels by just under one full grade equivalent in Pinellas County, and more than one and one-half grade equivalents in Boston. In math, youths gained half a grade in Pinellas County, and more than one grade in Boston. If grade equivalents changes are calculated on the basis of treatment scores alone, gains ranged from a non-significant .2 of a grade in math in Pinellas to a significant .8 of a grade in math in Boston. Reading gains fell between these points.

Given work experience alone, disadvantaged young people who participated in the Summer Youth Employment Program did earn income and became acquainted with the world of work. However, they suffered sizable losses in the basic skills that could increase their value to employers. Control group youths in Boston and Pinellas County showed losses in reading and math skills over the summer. In Boston, these losses were statistically significant.

Implications for the full demonstration

While the bulk of the evidence is encouraging, there were a number of findings that represent causes for concern.

First, there was an unevenness in the quality of the remediation component as it was implemented at the sites. It is too early to know how stable the academic impacts are. Once participants and controls return to their regular school environment, summer impacts could dissipate. Or, it may be that the observed impacts are driven by the losses experienced by a group of control youths who, unlike treatment youths, have no motivation to perform well on the post-test. The remediation component itself must be strengthened if it is to result in lower drop-out rates. But, from a

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research perspective, it is also important to motivate the control group to take the post-test seriously.

Second, although few participants said that they definitely would not want to return for a second summer, the importance of maintaining a high level of participation makes this a serious concern. The program continuation rate from one summer to the next must be substantial if STEP is to be effective in reducing high school drop-out rates.

Third, evidence regarding the difficulty of changing fertility-related behavior sounds a cautionary note for STEP: this is a difficult area in which to achieve change. Even if it proves possible to achieve significant improvements in academic performance, as the data suggest, such achievement may all go for naught if significant numbers of these youth are involved in early pregnancy and child-rearing.

[Copies of the full research report on the STEP pilot experience are available from P/PV at a pre-paid cost of $10.00.]

Mr. MARTINEZ. Thank you, Mr. Smith.

At this time I would like to ask Mr. Williams, do you have any questions?

Mr. WILLIAMS. Yes, thank you, Mr. Chairman.

Mr. Miller, I appreciate your support of the 90-percent level funding component. We, too, think that that is a necessary thing to do through the authorization process rather than always trying to patch it through the appropriations process. The Appropriations Committees tell us they will no longer bail us out and correct this problem. It is going to continue to be relatively level funding. We are going to have to do it through authorization. So, my bill, as you noted, attempts to do that.

You mention in your testimony on page four, quoting, we oppose mandatory basic and remedial training for all summer youth participants as required by H.R. 1090.

My bill mandates the educational component for each of the service delivery areas but does not mandate it for every participant within those areas. Is that more nearly what you would support?

Mr. MILLER. Yes. Flexibility to the local program, I think, is what we are talking about, so that those that have need for the remedial training could experience it. I think that is really what we are asking for in our support for that bill.

Mr. WILLIAMS. I agree with that. That is what I have tried to do in the bill. If it isn't clear enough, we will make it clear; but that is my intention.

You also mention on page five: We strongly oppose the provision which requires the Private Industry Council to come up with matching funds to support the training component. But you have also expressed opposition to H.R. 1722 because it provides additional money. So, the question is, where are we going to find the money if the PICs won't come up with it and we don't want the Federal Government—or at least the Federal Government won't appropriate any additional money?

Mr. MILLER. Well, it seems to me that, if the service delivery areas were asked to include in their planning strategy some remedial training, that they would do the best they could to come up with that. And it seems to me that, if there was some indication from your part that you would be interested in how this might be accomplished, I would think that our association could interrogate a number of the SDAs to see to what extent they could participate in making that planning a reality.

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Mr. WILLIAMS. Let me take a moment to just encourage you to do that. Let me make that request of you. And I would appreciate it if you would encourage NACO to pursue that for us and get back to us. That would be a good help.

Finally, Mr. Miller, let me just comment. I can't resist commenting, after having worked 4 months on this budget, as a member of the Budget Committee. I know that NACO is for a freeze. You mentioned it again in your testimony. But with all deference to NACO's political and policy savvy, and I think you have it in abundance, I think you make a bad mistake when you support a freeze. Now, it's all moot anyhow because neither the House nor Senate has frozen. So, perhaps I am going over some ground that has been plowed.

But let me make this point with you. When you freeze the Federal budget, you provide the Pentagon with $40 billion during the next 2 years. And the tradeoff that NACO gets is that revenue sharing dies next October. That is what a freeze does, in my opinion, because you can't get the President to sign a revenue sharing bill. So, a freeze simply locks in the present inequities.

I don't mean to pick on you, but I think NACO has made a bad mistake. I wanted to say it to somebody, and you happened to be sitting in front of me.

Mr. MILLER. I would accept your comment.

Mr. WILLIAMS. Thank you.

Ms. Strumpf, you mentioned in your testimony your support for appropriate research on the results that we get from the educational component. I have a research component in my legislation. But did I understand that you object to the use of the 6-percent technical assistance money for the use of this educational component?

Ms. STRUMPF. The use of the educational component or the use of the research or——

Mr. WILLIAMS. We use some of that 6-percent money for the program.

Ms. STRUMPF. I don't think that I would say that I object to the use of the 6-percent money, but I think that it may be more appropriate to focus on the 8-percent money and the chapter 2 money because of the way the 6-percent money is set up in many States to be used as an incentive after program outcomes or based on performance, so that it is hard to think about how to set it up at the front end to give it out to people to do it first.

After a first program year cycle it might work. So, it is not an objection to the 6 percent. It's just an expiration of 8 percent in chapter 2 money, education funds.

Mr. WILLIAMS. I would appreciate it if you would take a look when you have an opportunity at page eight of my bill, which is the assessment section and then work with us some on how we might improve that assessment research section of the bill.

Thank you very much, Mr. Chairman.

Mr. MARTINEZ. Thank you, Mr. Williams.

I thank the panel for coming forth. As you can see, there is a need here for communication. We might be able to improve this bill and make it acceptable to enough people in order to get it passed. I think it is an important bill, and it should be passed.

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I think, from my own background and experiences with my district, we need to do this for those people that need those basic skills.

Thank you very much again for coming. I thank you. I hope you catch that plane.

With that, we are adjourned.

[Whereupon, at 12:40 p.m., the committee was adjourned, subject to the call of the chair.]

[Additional material submitted for the record follows:]

PREPARED STATEMENT OF THE NAVAJO NATION

Mr. Chairman, thank you for the opportunity to present testimony in support of H.R. 1722 and H.R. 1090. The Navajo Tribe regards both bills as being most vital to our people. We recognize that education and employability are necessarily linked especially in areas where there exists high unemployment and high rates of school dropouts.

The Navajo Tribe, through the Summer Youth Employment Program administered by the Division of Labor and by the Division of Youth Affairs, provides both earned income and work experience for Navajo youth during the summer months. We agree that these efforts need to be supplemented by educational programs proposed by H.R. 1722 to remediate the serious academic deficits of our young people.

The economic growth and development of any nation is directly influenced by the educational level of its citizens. In the Navajo Nation, the official unemployment rate hovers around 40%. This figure does not include the adults who are long-term unemployed who are excluded from official figures. The present economic growth index is less than 2%.

The Navajo Nation has a young population of 31,038, of whom 20% are between the ages of 14 and 24. Of the 3,000 Navajos graduating from high school, approximately 4% will pursue a postsecondary degree. The drop-out rate in the Navajo Nation is estimated at 16%. Numerical estimates show between 6,000 and 9,000 high-school age Navajo youth out of school. Overall, more than 65% of the general population has less than a high school education.

The figures for those Navajo young people who stay in school are equally unsettling. The academic achievement of our Navajo students as measured by scores on standardized achievement tests are unacceptably low. Figures for the 1982-83 school year showed Navajo seniors achieving at approximately the 7.6 grade equivalent level in the BIA school system. Figures for the Arizona Public Schools for the 1983-84 school year show Navajo students achieving at approximately the 9.5 grade equivalent level. We do not have comparable scores for the New Mexico Public Schools at the high school level. However, tests conducted in 1983-84 showed Native American students in the 8th grade achieving at the 31st percentile on the total battery of the Comprehensive Tests of Basic Skills. Reading scores for this group were at the 26th percentile.

The Navajo Nation has a commitment to improving this picture. Our young people must be prepared for the contemporary job market with appropriate academic skills and knowledge. This requires supportive programs to develop their capability to achieve at an appropriate grade level. There are positive results have been achieved with students enrolled in P.L. 93-638 contract schools and mission schools located within or near the Navajo Nation. However, these are the exception rather than the rule. To broaden the positive educational experience to the majority of students, we welcome a large-scale program aimed at potential drop-outs who can benefit from a supplemental remedial education program under H.R. 1722: Summer Youth Educational Enhancement Act.

The Navajo Nation wants to become a productive economic unit in the southwest region of the United States. However, its economic growth and societal development can only be accomplished in concert with the increased educational attainment of its citizens. The Navajo Tribe is prepared to make a commitment to develop programs under H.R. 1722 and H.R. 1090 and to focus its efforts on the educational deficiencies of youths participating in the Summer Youth Employment Program. The Navajo Division of Labor, in conjunction with the Navajo Division of Education and the Division of Youth Affairs, administers the present DOL programs can incorporate programs under H.R. 1722 and H.R. 1090. If enacted, these bills will make available exploration of intensive, alternative learning experiences which supplements the in-school experience. The opportunities for networking among the three

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Tribal divisions and with other educational systems within the Navajo Nation are promising.

Since NDOL has sought and received its own Service Delivery Area status under the JTPA, the incorporation of the Summer Youth Educational Enhancement Program into the existing Navajo Summer Youth Employment and Training Program would be administratively simple and allow for * * *.

In order to maximize the benefits from this proposed legislation, we recommend three amendments: (1) The law should specify that Indian tribes, such as the Navajo Nation, which operate JTPA programs in a distinct Service Delivery Area, obtain funds under the "direct funding" mechanism. The law should make specific reference to Indian tribes as eligible to receive funds directly under this act. This will allow for the direct Tribal administration of a Summer Youth Educational Enhancement Program. The direct funding arrangement would remove the necessity of seeking three separate grants through three state Departments of Education; (2) BIA schools should be specifically referenced in the act. The act speaks of state educational agencies and local educational agencies. This may exclude BIA schools and their students from participation in the benefits of the act. This would be extremely unfortunate. What we ask is that language be specifically included in the legislation what would include all Navajo students, regardless of whether they are in public, BIA, contract or private schools and the language be specifically included in the bill allowing for tribal administration of the program. Navajo students in BIA schools have even greater academic deficits than Navajo students in public schools; (3) Indian reservations should share in any priority which may be given to trust territories in the initial implementation of this bill and of H.R. 1090. As can be seen from the achievement and employment statistics given in this testimony, there is a serious problem with unemployment and a serious problem with underachievement within the Navajo Nation. These two problems are clearly related to each other. Conversely, the Navajo Nation and other Indian nations cannot achieve the economic development they need if they cannot raise the educational attainment level of their young people. In many ways the economic crisis in Indian country is an educational crisis. We suggest that a major remedial effort be launched to improve the educational achievement level of Indian students in the United States. The Navajo Nation firmly believes in educational advancement for all, especially for youths who through new skill and knowledge may enter the world of work on an even footing with the rest of society. We believe H.R. 1722 and H.R. 1090 will bring us closer toward this goal.

The Navajo Nation strongly supports both bills and urges Congress to support legislation that promotes investment in human capital development.

On behalf of the Navajo Tribe, we thank you for the opportunity to share these concerns.

Prepared Statement of the Retail Bakers of America

This statement is submitted for the record in support of the Youth Employment Opportunity Wage Act of 1985 by the Retail Bakers of America. The Retail Bakers of America was founded 66 years ago, in 1918. The association is the official national voice for the approximately 32,000 retail bakeries in America. The association includes two types of retail bakeries as members: single and multiple unit retail bakeries, including doughnut shops; and instore supermarket retail bakeries. There are approximately 17,000 independent retail bakeries and almost 15,000 instore supermarket bakeries in the United States. The independent retail bakeries had more than $4 billion in sales in 1984, while the instore supermarket bakeries had approximately $4.5 billion in sales. These unit and sales figures do not include "specialty" retail bakeries, such as cookie and crossiant shops. [Source: Bakery Production and Marketing Magazine, Industry Trends, June, 1984 (Chicago, Illinois).]

The typical retail bakery is a family-owned business which does approximately $216,000 worth of business a year, although the association does have a handful of members which gross over a million dollars a year in sales. The single retail bakery will employ between 15 and 25 people, both on a full and part time basis.

Retail baking is labor intensive and employees must undergo a period of training before they can do many jobs in a retail bakery, such as making up product or decorating bakery foods such as cakes and cookies. This is because the products sold in a retail bakery are made largely by handcraft methods, and in relatively small quantities, in response to a highly particularized demand. Also, almost by nature or definition, retail bakeries specialize in the creation of customized, oftentimes one-of-a-kind bakery foods, such as personalized birthday, wedding or other special occasion cakes.

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This is one reason why a retail bakery requires well-trained and supervised employees in certain positions; why retail baking is labor intensive; and why labor costs typically account for 30 to 45% of total operating costs (excluding the salaries of the bakery's owners). This is also why there is so much opportunity in retail baking, even for individuals who start at the very bottom or beginning of the business.

RBA has supported and advocated special minimum wages for young and/or inexperienced people for many years. For example, a panel of retail bakers testified before the Senate Labor Committee in 1981 and again in 1984 on another minimum wage bill, a proposal to amend section 14(b) of the Fair Labor Standards Act to allow a special minimum wage equal to 75% of the current minimum to be paid to teenagers for a limited period.

Today, RBA strongly supports and vigorously urges passage of the Youth Employment Opportunity Wage Act of 1985 for the following reasons:

1. It will provide an opportunity to employ people who may be very good candidates for future careers in the baking industry. RBA surveyed its members earlier this year on this bill. As of June 01, 1985, 77% of respondents said they employed youths aged 16-19 throughout the school year. 70% supported the Youth Employment Opportunity Wage Act. 52% of the respondents said that if such legislation were enacted, they would either hire youths aged 16-19 for the first time, or hire more youths.

2. It will give employers a better opportunity to evaluate someone and to determine, without a prohibitive investment, whether that person can fit into a permanent position within the bakery.

3. It will create more jobs: it will give bakers a reason and the means to hire extra people whom the bakery would not otherwise employ. It will allow the baker to give someone a chance whom he would not otherwise hire because the labor costs would be too high.

4. It will be much easier to use than existing legislation designed to spur employment, such as sections of the Fair Labor Standards Act dealing with employment of students, learners and apprentices; the Targeted Jobs Tax Credit; and the Job Training Partnership Act. This is because it permits the employment of any persons between the ages of 16 and 20, not just narrowly defined "target" groups; and because it does not require prior applications, permits or certificates and does not entail any additional paperwork.

5. The bill will obviously benefit the people who will be employed as a result of it in ways other than by providing some income. Work is a very positive experience: it enables one to learn responsibility, to experience success and failure, to learn what one is good at, and to manage money. The earlier young people have the opportunity to gain these positive experiences for themselves through work, the better off they and society as a whole will be.

6. It will benefit consumers. By enabling businessmen to hire extra people, it allows them to provide more services to their customers. For retail bakeries, this could mean trying new products that one has not had the time or resources to make before; it could mean providing additional services, such as extended hours, deliveries, more sales personnel to wait on customers; it could also mean enhancing the attractiveness of the bakery itself through additional maintenance work such as painting, landscaping, display work and equipment maintenance.

7. This proposal will also have beneficial consequences for society as a whole. Many people today, because they cannot find work, are totally ignorant of the work ethic; this results in apathy, selfishness, laziness, indigence, idleness and mischief, all of which have very bad consequences for the nation and serve to weaken and undermine our society.

Although a number of RBA members have made use of the targeted jobs tax credit, and have had very good experience with it, and have also used section 14(b)(4)(D) of the Fair Labor Standards Act, which permits the employment of up to six full time students at 85% of the minimum wage, RBA is not aware of any bakeries which have used the job training partnership act. Quite frankly, most bakeries have stayed away from both the FLSA and the JTPA because they have no desire to make the government, in any form or arrangement, another partner, participant or manager in their businesses.

Those which have used the targeted jobs tax credit report that it is hard to find people who qualify under the terms of the law. Despite the effort put into this project—including visits to schools—only a few applications for jobs are received. Thus, although some members do regard the targeted jobs tax credit very favorably, because it is a bottom line tax credit and does not intrude the government into their

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businesses, they note that despite their best efforts, the provision has a rather limited utility.

Aside from the statutory job programs, some bakeries have their own internal apprenticeship programs, the terms of which may be negotiated with the union, if one represents employees. The fact of the matter is, however, that so far as RBA is aware, very few certificates of completion have been issued under this program. The main reason for this is that the program requires three and a half years to complete, which unfortunately appears to be too long for most of the people that apply for entry. Experience shows that many participants in the program are not stable, career oriented employees and therefore drop out before they can finish their training.

However, many bakeries throughout this country would certainly take advantage of the chance to hire young people at a starting wage of $2.50 an hour for the summer months. As the survey noted above indicates, many retail bakeries do hire summer help. At the same time, this would certainly not lead to the layoff or dismissal of older, regular, year-round employees. As business people, retail bakers find such an argument or fear baseless and hard to understand. Anyone who would attempt to replace experienced, year-round employees with untried novices who could work at the special wage for only five months would certainly ruin his business. After all, the difference between $2.50 for five months and $3.35 for five months is only about $700. While a $2.50 wage rate for the summer months would certainly make hiring an extra person or two an attractive and real option for many retail bakeries, RBA is certain that it would not tempt them to displace any current employees. When someone is hired, it is usually with the hope and expectation that that employee will be with the bakery for a long time. After all, the decision to hire that person and put him or her on the payroll is the same as an investment in that person, and sensible business people are always anxious and careful to protect their investments.

There are several reasons why retail bakeries would most likely hire more people than otherwise if YEOW became law.

The first is simply that $3.35 per hour, small as it seems standing alone, is just too much, when multiplied by 40 hours in a week and four weeks in a month and five months of the summer; and when increased by the costs incurred in training by others, insurance, taxes and other benefits; for bakeries to pay to hire very many people who are young, who have never had a job, who may lack any job skills, and who may only work for one summer and then be gone. In the case of students who will return to school in the fall and may not be interested in working, or able to work part time during school, by the time the bakery has trained them, the summer is over and they have lost the benefits that would have accrued to them after the training. In other words, the bakery has lost its investment.

The cost of three employees at $3.35 per hour is $10.05 per hour; however, under YEOW, for only $10.00 an hour, five cents an hour less, a retail bakery could afford to hire and pay four qualified employees. This means that it could create one entirely new position that did not exist before, and take on one more employee whom it would not have hired otherwise. Thus, for every three employees at the regular minimum wage, four people could be employed under the wage allowed by YEOW. This proves that far from leading to a loss of jobs for some people, YEOW will actually result in the creation of more jobs for people who otherwise could not find work.

This legislation should not be seen as nothing more than a "gift", "free ride" or "windfall" for exploitative employers. If anything, this bill is a legislative gift or boon to its recipients, the individuals who are going to find work as a result of its passage. After all, let us be frank about this: those who own their own businesses and employ others already have a source of livelihood and income. Much as they might wish to do more with their businesses and for customers by hiring more employees, the simple fact is that they are already accomplishing much and providing much with what they have. In this sense, then, the passage of YEOW is hardly a matter of life or death to retail bakers.

But to the potentially hundreds of thousands of young people who otherwise would not find work this summer or next or perhaps for years; but who would see an expansion in the job market if employers were permitted to pay them a little less, for a short period of time, this legislation could be of incalculable value.

Work gives a sense of mission, purpose and importance to life so fundamental and compelling that we virtually identify who we are by what we do. Indeed, it is not an exaggeration or misstatement of fact to say that work has a religious dimension apparent from the bible itself. God himself is described as having rested from his "work" of creation and His first command to the human race in Genesis is to conquer the earth and subdue it; to be masters over the earth and have dominion over

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it. And many of the sayings of Jesus deal with the subject of work. Inherent in the meaning of "vocation" is the idea of work as fulfilling the will of God [Webster's Third New International Dictionary (1976 edition) gives as the first definition of this word: "a summons from God to an individual or group to undertake the obligations and perform the duties of a particular task or function in life."]

Psychologists say that one of the three most traumatic experiences people can ever have in life is the loss of a job. The newspaper stories and photographs of hundreds or thousands of people lining up outside of new plants literally a day or two before interviewing day demonstrate that this is so. Indeed, a New York Times story last year carried a front-page photograph of police ". . . bringing down a 16-year-old youth who threatened to jump from the fifth-floor height of a crane . . ." The caption quoted a police officer as saying ". . . the youth . . . was crying that he had lost his job as a wallpaperer." Nor is it only the high-paying or "glamorous" or "important" kinds of jobs which give meaning to people's lives; even the "humblest" jobs do the same thing.

It follows, therefore, that one of the greatest gifts or benefits one person can give or another can receive is the chance to work. It is in this sense that legislation such as the Youth Employment Opportunity Wage Act of 1985 is far more important to potential employees than it is to existing employers, who after all already have work, enough and plenty, to do.

Moreover, work is not only important to the individual, but it is also important to society and to civilization itself. It is common historical knowledge that from the time of ancient Rome to this very day, whenever great masses of people find themselves idle and unable to work, despite their most strenuous efforts and strongest desires to do so, the nation to which they belong experiences upheaval, revolution, and eventual decline.

For all these reasons, then, and for all these elements of our society—employers, would-be employees and the citizens generally—legislation such as YEOW ought to be enacted into law.

The Retail Bakers of America promises that if this bill becomes law, it will do everything it can to educate its members as to its provisions and to advise and encourage them to use the law by hiring new and additional employees under its provisions. RBA fully understands and appreciates that if this bill becomes law, it will be up to its friends, advocates and supporters to prove it a success.

We all deserve the promise this legislation holds out.

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